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CHINA'S NEW LAND PROGRAMME

The People's Government in Peking gave a spectacular send-off to its expanded and accelerated programme for agricultural development, when a Supreme State Conference was summoned for the first time to hear reports on this plan. There has been an almost feverish sharpening of pace in all domains since Chairman Mao Tse-tung twice had to re-write his preface to a series of reports on rural work because of the extraordinary surge of applications to join agricultural producer co-operatives and the corresponding surge among private industrialists and merchants to convert their enterprises into joint ownership with the State. Before Mao Tse-tung addressed the gathering in buoyant and supremely confident vein the leaders of the Communist Party had called into consultation nearly 1,400 of the most eminent leaders of science, industry, agriculture, culture and popular organisations and revised the draft in accordance with these discussions. A meeting was also held of the leading Party officials of all levels and representative departmental heads to discuss the programme.

The precise extent of the new programme was also disclosed in the announcement from Peking of the meeting of the State Conference. Some inkling of the nature of the expanded plans was earlier given in the references to the release of vast numbers of peasants for public works of various types all over the country, it being estimated that each peasant would be able to devote double the number up to 200 of man-days he had mustered on State work in 1955 as a result of the enormous and unexpectedly rapid increase to two million of the producer co-operatives. Another sign was the clarion

call at the end of the year for the acceleration also of the transformation of private commerce in the rural areas, where a considerable amount of private trading has survived. Indeed there were three times as many private business men as there were cadres in the supply and marketing co-ops but it is asserted that the cadres available will be quite able to take care of all the business in the rural areas and thus extinguish private trading even in the remotest hamlets.

Many important speeches on the draft programme were made, and among the speakers at the Supreme State Conference were Premier Chou En-lai, and Vice-Premiers Chen Yun and Li Fu-chun. But the major speech was that of Mao Tse-tung, who told the Conference that China is at present "in a high tide of the great Socialist revolution," which since last summer had unfolded on an extremely broad scale and to a far-reaching degree. The Socialist revolution, in the main, could be completed on a national scale, he insisted, in about three more years. This Socialist revolution, which took over the stage from the bourgeois revolution when the People's Government assumed power, was aimed at releasing great productive forces. The change-over from individual and capitalistic ownership in industry, commerce, and agriculture to collective ownership would lead to an ever-increasing release of productive forces. This created the social conditions for a great development of industrial and agricultural production.

Chairman Mao declared that "our method of carrying out the Socialist revolution is a peaceful one." There were many people both within and

without the Chinese Communist Party, who doubted this in the past, and indeed this is true, for only a few months ago all the Party newspapers were talking of developing producer co-operatives along the lines of conflict between the poor and middle peasants and the rich peasants—a struggle only too reminiscent of Stalin's battle with the kulaki (rich peasants) in the Soviet Union a generation ago. But, said Mao Tse-tung, since last summer there had been such an upsurge of the co-operative movement in the rural areas and such a similar movement of Socialist transformation in the cities, that their doubts had, in the main (always an important qualification in Chinese Communism) been dispelled. Peking has used much greater finesse than the Russians were ever able to employ. Though one always assumed that Liu Shao-chi has much of the forcefulness and ruthlessness of Stalin in his faith, there is a sharp contrast between the personalities of Stalin and Mao, and it is symbolic of the different approach since last summer, when Mao re-entered the lists after a long spell in the background. The Fabian and not unsympathetic attitude toward the peasants, and the astute handling of State orders in the programme of conversion of the entrepreneurs in the cities, have produced a much greater degree of co-operation that had ever been envisaged even by the most optimistic a few months ago.

Thus it was possible for Mao Tse-tung to assert in his speech to the Supreme State Conference that in present conditions in China it is not only possible to change individual ownership but also to change capitalist ownership by using peaceful methods of persuasion and education. Many had in the past worried about the difficulty of getting through the "difficult pass" to Socialism. As things now stood, he said, this "difficult pass" would be easy to get through. The political situation had now undergone "a fundamental change." Many matters that had been considered impracticable had now become practicable, and it was possible for the nation's first Five Year Plan to be completed ahead of schedule or be over-fulfilled. The task set out in the 1956-7 national programme for agricultural development, based on the high tide of Socialist transformation and Socialist construction, was to indicate perspectives for the development of agricultural production and rural work, as the target for peasants and agricultural workers all over the nation. Various types of work apart from agriculture must also catch up quickly so as to meet the new situation of the high tide of the Socialist revolution.

Chairman Mao said that the nation should have a far-reaching, comprehensive plan under which it could work over a period of several decades to eliminate its backwardness in economic, scientific, and cultural fields and attain the advanced world level rapidly. For this great purpose, the most decisive thing in this respect is to have sufficient capable specialists in scientific technique. At the same time it was necessary to continue consolidating and expanding the people's democratic united front, uniting all forces that could be united. He added that

the Chinese people should unite with people throughout the world to strive for the maintenance of world peace.

This Supreme Conference is rather a unique body, for the 300 people who attended it consisted of not only all the major personalities in Party and Government, but the judicial and procuratorate officials, research directors, public bodies, institutions of higher learning as well as school teachers, scientists, businessmen, and people of the cultural, art, journalistic and religious circles. Important speeches also came from these members and many concrete proposals were put forward by experts connected with the various tasks laid down in the programme. This programme is designed to turn China's agriculture from a backward into an advanced agriculture and fundamentally to change the appearance of her extensive rural areas, considerably improve the material and cultural lot of stocks of foodstuffs and raw materials as well as an immense home market for the country's industrial development. The speakers expressed the belief that publication of the programme would greatly inspire the peasants throughout the land to show initiative and creativeness in pushing forward the upsurge of agricultural production and rural construction. It would also encourage all other sections of the people in Socialist construction and transformation.

The full text of the draft programme, of some 5,000 words, was released after the conference and has been distributed for study by party committees at all levels throughout the country, with the request that they submit their views on it. The Party officials are also enjoined to seek the views of workers, peasants, scientists and patriots of all other sections of the people. These views are to be collected before April 1, so that they can be submitted to the seventh enlarged plenary session of the CCP Central Committee, which will regard them as recommendations to be submitted to the State organs and the people of the whole country, first and foremost the peasants. The local Party bodies are instructed to draw up specific plans, on the basis of the national draft, and in the light of the conditions peculiar to each locality, for development by distinct stages and separate groups in all aspects of their local work. At the same time all relevant Departments of the Government are called on similarly to review and revise their plans of work.

The programme calls for the inclusion of about 85% of peasant families in the producer co-operatives in 1956; the completion of the higher stage of the co-operatives in advanced areas by 1957; the doubling of the grain and cotton yields within twelve years; the elimination of cattle and plant diseases and insect pests and "ordinary" floods and droughts; building of small water power stations for rural electrification; expansion of multiple crops; reclamation of wasteland and extensive afforestation in the denuded areas. The co-operatives are required to raise the degree of utilisation of man power and the level of labour productivity

TRANSFORMATION OF PRIVATE ENTERPRISE IN CHINA

From Huhehot, the Inner Mongolian capital, to Hoihow, in Hainan, private industry and commerce has been converted into a joint affair in which the State becomes the senior partner. The conversion had begun early in the new year in Peking and had followed at various major centres throughout the country. The pattern set in the capital for the "rejoicings," parades and demonstrations which marked the "race toward Socialism" decreed by Chairman Mao Tse-tung was followed in most other places. The labour unions and Party workers summoned the workers, peasants, and handicraft workers to take part in the parade. In Shanghai representatives of industrialists and businessmen met to consider the pattern of events in Peking and decided to complete the changeover within the week. And half a million persons took part in parades and mass meetings at the old Shanghai Race Club and in the main streets while fully as many again stood on the sidewalks in spite of the cold and rain to watch the processions, the acrobatics and the singing and dancing that formed part of the jollification. It was even stated by the Chinese news agency that some of the capitalists dressed up in their brightest and best to take part in the celebrations of the loss of their capital.

No doubt these were a minority. Most of the capitalists naturally resent this policy. Indeed the President of the National Federation of Private Industry and Commerce, Chen Shu-tung, in his address to a special session of the Federation's Executive Committee, predicted to a "long-term and arduous struggle." He appealed for co-operation with the Government, but said they relied mostly on the younger

and to require every able-bodied man in the countryside to devote at least 250 days a year and the women 120 days to productive work. Five to six million cadres are to be trained in technical work for the producers' co-operatives. Illiteracy is to be eliminated, with 1,500 characters as the minimum. Sports are to be popularised in the countryside. Broadcasting and telephone networks are to be extended and local networks of highways in the rural areas completed. Unemployment in the cities (which is evidently expected to rise seriously as a result of the transformation and telescoping of private enterprises) is to be settled in five to seven years.

The programme contemplates conciliation instead of renewed conflict in the countryside. Former landlords and rich peasants who have conducted themselves well are not to be "liquidated" (as was officially envisaged only a few months ago) but are to be admitted to the producer co-operatives on the basis of equal pay for equal work. A more moderate policy is also stipulated regarding counter-revolutionaries who have "repented" in the rural areas. Co-operatives should encourage members to grow vegetables on their private plots and should store grain reserves for at least a year to meet emergencies. The breeding of livestock, which has been seriously reduced by the action of the peasants in the last year or two, is also to be encouraged. State farms are to be expanded ten times to more than nine million hectares in the coming twelve years.

"progressives," for apart from these the industrialists and merchants were in either passive or active opposition while some were even counter-revolutionaries.

Some of the younger members of the wealthier families probably did use their influence in the sense desired, and one or two were actually quoted as expressing thorough support for the policy of "entering into Socialism." It is perhaps true that a number of industrialists, "beaming with joy," actually visited the Workers' Cultural Palace opposite the former Racecourse and received a "cordial welcome to this school of Communism." And it was with no small satisfaction that the official reporters quoted these capitalists as saying, when they left, that though they had come as guests on that occasion they expected to return later on as trade union members.

It is difficult to tell just how sincere all this simulated enthusiasm is. It was not so long ago that even the workers in private industry were being reproached for their support of the capitalists, with whose enterprises they had long connections and in which they enjoyed on the whole better terms than they had under the spartan regime of the Communist labour unions with their incessant calls for emulation campaigns. The great majority, however, seem to have bowed to the inevitable. The great parades that were organised almost everywhere were not, of course, "spontaneous" in the ordinary sense. They were undoubtedly ordered and organised by the Party. The speed and the range of the transformation swept many off their feet, and conformity became the order of the day everywhere. How far the Government and Party apparatus were ready to tackle the immediate problems of organising the various enterprises in single trades and getting them down to work on the new basis is not revealed. But it is not the task of a day or a month, and there is likely to be much confusion at first. Many millions of people and thousands of enterprises, big and small, were involved.

Capitalists who previously held positions in private firms have been given jobs corresponding to their former position, or appropriate to their ability. Sixty-six such owners of flour, dyeing, and electrical appliances workshops in Peking have become directors, vice-directors, section chiefs, technicians etc. in the new businesses. They draw salaries in addition to dividends, which amount to one-fourth of the net annual profits after taxes are paid. Whole trades are now making combined applications for Socialist transformation, facilitating this conversion and making possible the merger of factories and the pooling of their resources.

All the former private flour mills are now under a single general management, their production plans co-ordinated and capital funds pooled. Fifteen electrical appliances plants are being merged into six factories, each of which will specialise in either transformers, switches, meters, insulating materials or ventilators. This Peking pattern of developments was doubtless repeated all over the country.

Shanghai's biggest "joint" woollen textile mill plans a rise of 16% in output with the amalgamation of four smaller plants. The Chung Hua woollen mill is now working on a three-shift schedule and has been showing a good profit since it was "transformed." Its output in December was estimated at 80,000 metres. A worker now tends 400 fine wool spindles as against 200 before the plant was converted.

BUILDING STONES IN HONGKONG

By B. P. Ruxton, M.A., F.G.S.

(University of Hongkong)

Hongkong has been greatly favoured by Nature in many ways—a pleasant climate, beautiful scenery, a natural harbour and a great variety of rock-types. Some two-thirds of the Colony is made up of igneous rocks and these can

The plant has acquired 2,884 British spindles imported after the last war "solely to claim Kuomintang wool allocations."

In Shanghai the local People's Congress which closed on Christmas Eve passed a resolution that the majority of private industrial and commercial enterprises should be turned into joint ones within two years.

Small traders and peddlers will join the co-operatives or become sales agents for State enterprises. The city has more than 26,000 private industrial enterprises with 400,000 workers whose total production value in 1955 was 3,000 million yuan. Under the initial plan, on the basis of production value, more than 80% of these enterprises could become operated by State-private concerns in 1956 and another ten per cent in 1957.

Peking naturally took the lead, as the capital of the regime, in the transformation of private enterprise and in the techniques whereby the path was laid for this development. Before the applications by the owners of private enterprises were due to be sent in, the Party workers, trade unions and Communist Youth leaders organised rallies and demonstrations by the workers and peasants, of whom 14,000 activists paraded in Shanghai on January 17 to summon the 1,300,000 workers in that city to "learn from Peking's experience and speed up the Socialist transformation. This warmed up the others for the mass demonstration on the following Saturday. "Abandon exploitation and become honest working people" was the device placarded in Chungking as an exhortation to any reluctant capitalists. More than 70% of the private enterprises in Wuhan became "joint" affairs and most of the remaining 30% submitted applications for joint ownership, before the date set for the change over on January 20. Nearly all the handicraftsmen in three of the five districts of Wuhan also joined the co-operatives.

In Canton private industrialists and merchants agreed on January 17, in accordance with the technique laid down in Peking, to apply for conversion to joint ownership within seven days. No surprise was caused when the "request" was granted and announced at a meeting on January 17. Three hundred representatives of private industry and commerce attended as an indication of their desire for transformation. Many of them are said to have increased their investments in the joint enterprises. Hongkong and Macao shareholders of Canton private companies were said to have expressed their support for the Socialist transformation. And so it went on all over the country in a triumph of the "softer" technique which had plenty of elements of compulsion but lacked the crude terrorism which accompanied the "five-anti" campaign against the private industrialists and merchants in 1953 and evoked deep resentment.

One of the most powerful of these compulsions was the apprehension that any entrepreneurs who held out against transformation might be eliminated altogether from the amalgamations to follow and be deprived of all State orders. Since private trading is being abolished, this made the application to be "converted" Hobson's choice.

be utilised in many of man's activities. Good building stone has been, and will continue to be, in great demand for buildings, dams, dry-docks, retaining walls and for many other purposes.

The most densely populated areas in Hongkong—Victoria and Kowloon—are fortunately sited upon our most useful local stone, the Hongkong granite, which forms nearly one-third of the Colony. The light colour of this rock coupled with its strength, durability, availability and ease of dressing give it tremendous advantages over all other rocks as an all-purpose stone. It has one serious fault only, it tends to become coated with orange or brown limonite, giving it an unpleasant rusty appearance. This makes it generally unsuitable for a facing stone on large public buildings unless it is selected with very great care.

The selection of good granite for facing purposes is a matter of great difficulty as no fool-proof tests have been devised whereby one can forecast whether a particular stone from a particular quarry will "rust" or not. There are, however, many factors which one can take into consideration before selection and certain precautions one can take while working the stone in order to minimise the chances of a bad choice. Very often a good stone is ruined by bad working, the use of too much explosive or the too close spacing of drill holes. These cause numerous invisible "cracks" in the rock which open up in the course of time. On numerous occasions I have spalled flakes off newly-laid granite blocks, weakened by such handling, with a pen-knife. Again, one can often see rectangular blocks upended forming part of some new design, and since the length of the blocks coincide with the "riftway" or planes of easy fracture in the granite, this causes rapid weathering and, sometimes, rapid disintegration. I am quite sure that most of the bad granite we see is due to careless handling and that more rigid supervision would considerably improve the external aspects of some of our buildings.

There are many safe-guards that can be taken in the selection of good quarry sites. Too often when a small hill or part of a spur is removed for a building site, the sandy clay is used for the foundations and the granite boulders broken up and used as a facing stone on the same building. It must be remembered that most of the dressed blocks from granite boulders, though excellent for retaining walls and structures demanding a strong rock, are not good decorative stones. Generally speaking we must select our quarry in a massive homogeneous rock well away from the contact of the granite with the country rock. Rapid changes in texture or composition of the granite are undesirable as are signs of mineralisation or undue concentration of any one constituent, i.e. mica. We must avoid all areas where the granite has been strongly sheared or cut by numerous quartz veins, dykes of aplite, microgranite or pegmatites and we must be particularly careful if there are signs of kaolinisation or sericitisation aligned along parallel planes. Perhaps the most important guide to selection is the nature of the jointing. Joints are fractures in the rock along which negligible displacement has occurred and they frequently reflect the vicissitudes through which the rock has passed. Thus, if the granite has been strongly stressed at any stage in its history the joints will be closely spaced and there are often signs of shear on the joint planes, i.e. slickensides,

etc. The farther apart the joint planes are, the better the granite will be, and usually the ideal situation will be three sets of joint planes perpendicular to one another with individual joints over ten feet apart. In parts of the Colony the joint planes in the granite are as much as thirty to forty feet apart.

After these general considerations we must examine the texture and composition of the rock and this is best done under a microscope. Here we look for an interlocking mass of crystals having no alteration and showing no signs of mineralisation or stress. If the rock is pseudo-granular, or shows signs of secondary alteration, mineralisation or stress then we must decide against it as a facing stone.

Even after all these considerations and, perhaps, further tests, one can only say that it is "probably a good facing stone" for, with all the safe-guards that science can devise, the only test for staining is that of experience. If a quarry yields granite which does not stain on prolonged exposure then the stone coming from it ought to be reserved for facings only and used for no other purpose.

In the opinion of the author no granite in Hongkong will last indefinitely (100—200 years) and we are really seeking for a granite which will last the longest.

It is clear that there is a demand for a high quality building stone which will not rust and will outlast the ephemeral glitter of the best granite available. There are only two rocks in the Colony which can be considered for this purpose, the Lantau granite-porphyry and the D'Aguilar syenite-porphyry.

The granite-porphyry or "pudding stone" was recommended in 1926 by Uglov (then Government geologist) as an ideal building stone. It is a dark grey rock with large phenocrysts, mostly of orthoclase, set in a dark fine-grained groundmass and, though present in large quantities, does not dress easily. Blasting invariably produces subconchoidal fractures as does the impact of a hammer or chisel, and though it does not rust it would not make a good facing stone. This rock does not occur on Hongkong Island or in Kowloon and, if used, would have to be transported from Lantau.

The syenite-porphyry would be classified commercially as a syenite, a granite without quartz. It is not nearly so susceptible to rust as is the granite and rock faces blasted in 1899 are still relatively fresh and are of an attractive light grey shade. The rock varies in colour from very light grey to a medium grey or fawn and would certainly make an attractive facing stone. Like the granite it can be easily dressed into rectangular blocks and, further, being younger than the granite it has not been effected by the strong stresses and so it is not cut through by shear planes and abundant fractures. In fact, wherever seen, the joints are widely spaced. More important is the fact that it occurs in reasonable quantities on Hongkong Island and could be exploited easily. The lack of quartz in this rock is very important because it can be cut and polished with ease, and as the orthoclase crystals are well interlocked its transverse strength is very high, allowing it to be cut into thin slabs. In fact the ideal properties for a polished facing stone for use on shop fronts, etc.

Although polished rocks are very common in cities all over the world, for example the black, glinting larvikite which is a familiar feature on the exterior of many London stores, very little polished stone has been used in the past in Hongkong, this is because the quartzose rocks are expensive to cut and polish.

THE HONGKONG CITY HALL

An Essay in Citizenship

By G. B. Endacott, M.A., B. Litt. (Oxford)

In a previous article, an account was given of the circumstances under which the old Hongkong City Hall was founded, and a tribute was paid to the public spirit and generosity of the merchant class in Hongkong of the 1860's. (See *Far Eastern Economic Review*, Christmas Supplement, December 22nd 1955). The building remained—rather in a truncated form it must be admitted, for much of it was pulled down to make room for the Hongkong and Shanghai Banking Corporation Building—until after the second world war, when the remainder was demolished to make way for the adjoining bank. Many will regret the disappearance of a building that for nearly eighty years provided a visible memorial to the civic spirit and enterprise of an older generation, which by its example presents a stimulus and a challenge to our own. Perhaps it may not be out of place to follow that account with some indication of the way in which it fulfilled its purpose, and of the extent to which it became a civic centre answering cultural and social needs.

The foundation stone of the City Hall had been laid by Sir Richard Graves Macdonnell on February 23rd 1867 in an impressive civic ceremony. In a cavity in the stone, was placed a copy of the *Daily Press*, and also specimens of coins from the recently opened Hongkong Government mint, dollars, twenty cent, ten cent, one cent and mil pieces. In addition, a special medal was struck at the mint, stamped with the obverse of the Hongkong dollar, and having on the reverse, the inscription "Hongkong City Hall foundation stone laid by H.E. Sir R. G. Macdonnell, C.B., 23rd February 1867. Hermitte Architect." It would be interesting to know if these were recovered when the building was demolished. In his speech, the Governor paid a tribute to the generosity of Jardine Matheson and Company who had supplied funds that enabled the City Hall to be completed. This merchant house had just introduced the electric telegraph linking their office to their East Point godowns, and Macdonnell remarked in a complimentary reference to this first telegraph line in the history of the Colony, that "the House of Jardine had instructed it (i.e. the Colony) in the electric telegraph." It certainly seemed appropriate that a William Keswick, of that house, should be the first chairman of the City Hall committee and have the honour of conducting the Duke of Edinburgh to the City Hall for the opening ceremony on November 2nd 1869.

The City Hall was indeed a large and dignified building and an undoubted social asset. John Bramston, one-time attorney-general of the Colony, and later an official at the Colonial Office in London, once referred to it as "a striking monument of the lavish way in which dollars were at one time made and spent."

It was not all a question of private generosity. Government was interested, and the institution owed much to government support. It had given the land by a deed dated 6th March 1866, and the land was reckoned to be worth 70,000 dollars in 1879; it gave 10,000 dollars for the completion of the building; in 1869, it voted 5,000 dollars as a grant towards the necessary fittings for the museum. In addition, government provided the salary of the curator and librarian 1,200 dollars a year, on condition the museum was open to all without charge.

Trouble came in 1879 with a collision between the City Hall committee and government on the question of the exclusion of Chinese from the museum at certain specified times of the week, when it was to be reserved for the exclusive use of Europeans. The City Hall was regarded as serving not one Community but two. In 1874, the City Hall Committee had changed the rules regarding the use of the Hall, and posted notices to the effect that the museum and library were to be confined to Europeans on Sundays and at certain hours on week-days.

Sir John Pope Hennessy, Governor 1878-1882, who pursued a marked pro-Chinese policy, had the matter brought before the Executive Council with the result that the Secretary of the City Hall Committee was told that the notice restricting the hours of opening to the Chinese Community was contrary to the undertaking given when government made the original grants, and should be withdrawn. The committee replied on 13 October 1879 that the aim of the new rule was to avoid collision between lower class Chinese and lower class foreigners, and that in any case, one morning had always been reserved for Chinese women in accordance with Chinese custom, and so some segregation had always been regarded as essential. The proportion of Chinese to foreign visitors was one to seven. The committee further argued that the building had been provided by subscriptions from Europeans, Americans and Parsees, and that of the total cost of \$96,000, the Chinese had subscribed only \$4,500. They thought the Chinese were quite content with the rules and said that if the \$1,200 grant for the salary of the librarian and curator were withdrawn, the library and museum would have to close. If the Governor still objected to the new rules, the Committee asked that the matter should be referred home for the decision of the Secretary of state for the Colonies. Hennessy did refer it home and said that Chinese had complained about it, and maintained his attitude that the distinction between foreigners and Chinese must be removed or the government grant would cease. Bramston made the comment on this letter "Mr. Hennessy would have shown more discretion in leaving matters as they are."

The Colonial Secretary, Sir Michael Hicks-Beach suggested a compromise. Writing in December 1879, he agreed that in principle, an institution open to the public should be open to all, but since this was departed from in favour of Chinese women, it could not be said that the segregation favoured the foreigners only. He said it did not "seem advisable to attempt to secure the strict observance of this principle which . . . may not improbably result in the closing of the institution." Hennessy was told not to withdraw the grant, but to make a further attempt to induce the committee to change their ruling in favour of the Chinese, and Hicks-Beach suggested a trial period of six months of unrestricted opening of the museum. If there was any trouble, the existing rule could be re-imposed.

Hennessy was uncompromising, and his general policy favoured the Chinese so much that he was thoroughly hated by the foreigners. William Keswick led the opposition to Hennessy, and he was Chairman of the City Hall Committee. Keswick and most of the Committee refused to try the six

months experiment suggested. Keswick wrote privately to Lord Kimberley, the new secretary of state on 13th May 1880. He repeated the arguments already used, and then said that the committee had offered as a basis of a settlement to invite two independent men, the Chief Justice and Bishop Burdon, the Anglican bishop of Hongkong, to meet the committee to review the whole question. This special meeting was held on 1st December 1879, and resulted in the drawing up of new rules. On week-days, the museum was to be reserved for Chinese from 10 a.m. to 1 p.m., and to other nationalities from 2 p.m. to sunset, and to Chinese Chinese women and children on Saturday mornings as before.

Hennessy refused to accept this though Keswick when he wrote to Kimberley said he thought that the Governor had agreed to abide by any decision of the special meeting. The Governor decided to pay the annual grant to the sole surviving trustee, Phineas Ryrie, who was opposed to the new rules. In September 1880, Hennessy got the Legislative Council to omit the annual grant to the City Hall from the financial estimates for 1881; in the debate, Ryrie and Ng Choy (the sole Chinese representative on the Council) both argued strongly in the Legislative Council against any distinction of races in regard to the rules of admission. Keswick was alone in supporting the City Hall Committee.

William Keswick again wrote to Lord Kimberley complaining of Hennessy's action, denying that the committee had broken any promises and saying that the City Hall Committee would not have agreed to the special meeting with two neutrals if they had not understood that Hennessy had undertaken to abide by their decision. He pointed out that the rules were similar to those of the government museum at Singapore. Hennessy took his stand on the decision, unanimous except for Keswick, of the Legislative Council. He pointed out that Ryrie and the puisne judge, Snowden, had left the City Hall Committee on this issue, and made the point that the restrictions on the Chinese applied only to the museum and not to the library.

Lord Kimberley took a stronger stand on the matter of principle than his predecessor. "I should not be prepared

to sanction the expenditure of public money on an institution where there is any distinction made as to class or race in the rules of admission," he wrote. He ruled that the money should not be paid to Ryrie as trustee, since the committee was the proper body in charge, and he ordered all arrears to be paid to the committee since it had committed no breach of agreement with government. As for the future, he upheld Hennessy that no grant was to be paid to any institution in which racial distinctions were made. There the matter rested for some time.

Keswick reported at the annual general meeting held on August 28th 1880 that the institution was "fairly self-supporting now". He drew attention to the fact that there seemed to be "no definite constitution." Few except the committee ever attended the annual general meetings, and the committee which had been set up in 1869 had remained in being ever since, itself filling any vacancies as they occurred. He reported that free copies of the Daily Press, The China Mail and the Government Gazette were received, and there were private gifts of books, particularly from the Hongkong Club. He reported the number of readers in the library during the year as 1,917 and mentioned the museum as being very popular, especially with the Chinese. Subscriptions during the year had amounted to \$680 sent by Europeans and \$347 by Chinese. The Chinese therefore appeared to be not unwilling to make their contribution to the well-being of the City Hall.

The quarrel between government and the City Hall Committee was resolved soon after the departure of Hennessy. In 1884 Keswick applied for the restoration of the \$1,200 grant for the salary of the librarian and curator. Bowen, the new Governor quoted Lord Kimberley's ruling, upon which Keswick and the Committee gave way. They had tried to raise funds by charging for admission but this had proved unpopular. Keswick now proposed to open the museum free at all times except on Saturday morning when it should be reserved for Chinese women and children. Bowen agreed, and the grant was renewed.

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COLONIALISM—THE OTHER SIDE

A lot has been heard lately about Colonialism, which after all has two phases. One was the rule of a subject people by an alien government. The other was the creation of wholly new standards of health, sanitation, education, economic and cultural growth. Few are left to defend the first but all realise the vital importance of new standards—and even of the services of qualified foreign personnel where native talent is inadequate. The argument has been raised that the term "Colonialism" has become too much of a catch-word and that the question of fact by which all political systems, policies and ideas should be tested is how they affect or have affected the fates of ordinary men and women. And it is a test which ought to be applied to Communist and "Colonial" regimes alike, though too many seem reluctant to make this appeal from phrase to fact, especially in the case of the Communist regimes.

The real difficulty is to make a balance between the two phases. Perhaps, in the vast Continent of Africa where Colonialism is still the rule rather than the exception, it will soon be seen whether the Gold Coast fares better under self-government and responsibility than the Belgian Congo or Tanganyika. The allegation is that people prefer to go even to perdition, if that is their choice or fate, rather than be governed by others even in a paradise. That is the sort of thing lightly said and lightly intended. Singapore has had a remarkable experience in the first year of self-government. Hongkong certainly is not envious, and is probably a lot happier as things are than anybody or any faction is in Singapore.

The Soviet Premier's lecture on the Colonialists for causing backwardness of Asian countries has no more substance than his references to the special virtues of the Russians in expanding the boundaries of liberty and freedom. Most of the lands of Asia which fell under Western influence and direction were either in a state of primitive anarchy or were living on the limited learning of ancestors who antedated the Dark Ages after Rome. What modern equipment they brought to the new Soviet dispensation was introduced by Westerners, from lighthouses and steamships to railways, metalled roads and electric light. Even if they had wanted to do much more they could not always have done so. The first railway tracks laid down in China were torn up in hostile superstition and there is no end to the list of difficulties in reconciling religious taboos with the needs of material progress in India. No foreign entrepreneur could ever have driven railways through the mountainous wilderness of the western provinces of China as the Chinese themselves are now doing. But they wanted to build a lot more railways than they were able to do in the long era of civil disorder.

As for the special Russian virtue as non-colonisers, Marshal Bulganin will tempt many to look up the map and compare the realm of Ivan the Terrible with that of Stalin the protector of the poor and oppressed at the time of his death. A lot of Asia seems to have been taken in and one would have supposed Marshal Bulganin and his colleagues are as proud as this as the British are of the colonising of the vast areas of North America and Australia. But the Communist leaders cannot get away in 1956 with a campaign of propaganda conducted with tremendous vehemence and plausibility in the 1920s, when Karakhan did a Krushchev almost daily from his platform in the Soviet Legation.

It was most fitting that a Manson should be among those who rebutted the Soviet statesmen's attack on British colonialism in Asia. For the debt owed to Ross, Manson and Watson by the multi-millions of this continent is beyond all dispute. The son-in-law of the great scientist Sir Patrick Manson, who is himself one of the world's authorities on tropical diseases, pointed out that there has hardly ever been a precedent to the victory won under British rule over the diseases of the tropics. It has been so complete that the most pestilential areas, including even the west coast of Africa, have been converted into health resorts. The chief enemy, malaria, has receded so that in many places—Malaya, Cyprus, and British Guiana for example—it has almost disappeared. This is the result of the work mainly of British scientists and doctors, and is a monument that will endure.

Sir Philip Manson-Bahr adds that the Russian contribution to this great achievement has been negligible. The death and infantile morality rates have fallen to a low figure everywhere in the British tropics, and this has been the basis of a great upsurge of vitality among all these peoples. But all-important as was this restoration of health there were many other contributions. Who, he rightly asks, built the roads, railways, harbours, telegraphs, schools and hospitals? Who introduced tea, rubber, cocoa, coffee, and sugar-cane? Who planned and carried out great irrigation schemes? Who has interpreted and recorded their multitudinous tongues? Who has taught them arts and crafts? Finally, who has planned the education which has created orderly government, and above all, who has led them along the path to prosperity and peace?

When the expatriate medical officer Dr. (later Sir) Malcolm Watson arrived in Klang 54 years ago, none denounced him because his skin was white. He found the hospital packed with patients suffering from malaria. The anopheles mosquito swarmed in the swamps. In that year there were 474 deaths at Klang and the nearby port of Swettenham, and malaria caused most of them. Next year they were higher still. But within a year deaths from malaria were only a little over a tenth of the number. As medical officer Dr. Watson declared all-out war on the mosquito and with the hearty co-operation of other Government officials he wiped out the breeding grounds. This young and energetic officer laid down a technique which the whole world adopted. For the first time he proved that malaria could be controlled by an attack on the mosquito responsible.

But the fight never ends. How quickly health as well as other conditions can deteriorate has been shown in China, where it was recently admitted that after the phenomenally successful anti-fly campaign which preceded the visit of the Attlee Labourites to China, the inactivity since had led to the return of the flies and other insect pests. "Various diseases of epidemic proportions have broken out in different parts of the country and seriously undermined the health of the people and affected farm and factory production," stated the People's Daily of Peking. And the position is now more serious because the vast interior is now without modern doctors and has to depend on the half-million practitioners of native medicine. The expatriates have all been expelled, no modern Chinese doctors were available to replace them, and the result is a health setback which puts the interior of China back where it was in the days before Western medicine was known.

U.K. FOREIGN TRADE IN 1955

By John Kingsley

The United Kingdom trade figures for 1955 offer some grounds for satisfaction although not complacency, in that exports were well above those of 1954. The increase—£2,906 million compared with £2,674 million—does in fact run at about 8½ per cent. (This figure excludes re-exports which, at £119 million, themselves rose by 18 per cent in 1954). The increase in volume was about 7 per cent, which compares with an increase of 4 per cent in 1954 over 1953, and prices rose by between 1 and 2 per cent. Admittedly, some shipments were delayed from 1954 into the early months of last year in consequence of the dock strike in October 1954; but even if allowance is made for this special factor, it is obvious that U.K. export trade has made steady progress.

There has been little substantial change in the composition of this export trade over the past year. (As the detailed figures for December are not yet available, the analysis is based on data for eleven months). Engineering goods maintained their share of just under two-fifths of total exports. The share of textiles declined. 1955 was an unsatisfactory year for exports of cotton and synthetic fibre goods; although shipments of woollen and worsted goods and also of miscellaneous textiles—although to small extent—increased.

It is particularly noteworthy that exports of iron and steel increased by as much as 14 per cent in spite of the increased domestic requirements for these metals for both capital and durable consumer goods. Exports of non-ferrous metals and semi-manufactures were up by one-third, with a notable expansion in sales of copper wire. Among motor vehicles, exports of commercial vehicles went up by no less than 26 per cent; they were particularly successful in the Commonwealth. Exports of cars, although they did not show as big an increase as in 1954, were also higher. British cycles continued their advance with an increase of one-seventh of shipments, exports of aircraft were one-quarter more, while the chemicals industry showed a rise of 10 per cent in its overseas sales. It is impossible within the scope of this article to give more than a rough outline of

progress; but among the smaller groups the spectacular increase of 80 per cent in exports of plate-glass deserves mention.

In the geographical pattern of U.K. exports, the success of the dollar export drive is considered to be particularly gratifying. Sales to North America increased by 15 per cent from 1954 to 1955 (exports to the United States by 23 per cent and to Canada by 7 per cent). An even greater rate of increase (20 per cent) was noted for the "other non-sterling" countries (i.e. all non-sterling countries outside the dollar area and outside OEEC). In particular, exports expanded to the oil countries in the Middle East, to Finland, Yugoslavia and also to Eastern Europe. Exports to Western Europe were rather disappointing; in spite of the boom on the continent, exports to the OEEC area rose by less than 5 per cent. There are, however, signs that an improvement may be forthcoming here. The sterling area has held its share in U.K. total exports. As this share has been maintained at a high level over the last five years and a number of sterling area countries have been obliged by balance of payments difficulties to limit their demand for exports, no spectacular increase was to be expected.

While the export picture is on the whole satisfactory, the import figures may at first sight give rise to some doubt. Total imports rose by 15 per cent in value from approximately £3,374 million in 1954 to £3,889 million in 1955. In volume there was an increase of 12 per cent and import prices rose by 3 per cent. The main reason for this substantial rise was not excessive consumption, but rather industry's need for increased supplies to support expanding output. Somewhat higher food imports were another factor; these rose by 8 per cent. Cereal imports rose by 27 per cent, due partly to a running down in Government stocks after decontrol in 1954 and partly to the bad harvest in that year. There was also a marked increase in imports of feedingstuffs. Among industrial materials, special factors operated in the field of coal and steel. Coal imports multiplied fourfold as a result of the slight decline in domestic output, allied with an increase in manufacturing activity

THE BUTLER RECIPE

By Paul Bureau

The year 1955 reinstated the sequence of odd-year balance of payments difficulties that have punctuated the post-war economic history of Britain. Last year's difficulties do not deserve the epithet of "crisis". The first half of the year achieved a small surplus in the over-all balance of payments. There may be a small deficit in the second-half (it must be remembered that the big payments on the United States and Canadian loans are made at the end of the year) but the final balance for the twelve months will not be widely out of the true. A bare balance, however, is not good enough and no real comfort can be gained from the fact that last year Britain was doing little better than a tight-rope balancing act.

If, however, Britain came back last year to its customary odd-year balance of payments troubles, it can on the other hand be claimed that the difficulties have been tackled by entirely new methods—new at least for the post-war period. The serious difficulties of 1947 and 1949 were countered in the main by direct economic controls, appropriate to the economic philosophy of the administration that was then in power. Cheap money was not disturbed. Imports were cut, travel allowances curtailed, scarce materials rationed and allocated, building licences trimmed. All this may have suppressed, but it did not cure, the underlying tendency towards inflation, of which the balance of payments difficulties were a symptom. Nor did it avert the need for a considerable devaluation of sterling in 1949.

Then came the difficulties of 1951. On that occasion Bank rate was raised from its long slumber and credit policy

while steel imports were three and a half times as much. Home output increased by nearly 7 per cent, in itself a satisfactory performance, but not enough to meet rising home and export requirements. Imports of non-ferrous metals also expanded. Most of these had risen in price, and greater quantities were needed for use in manufacture for export. Other materials which show higher import figures are timber, rubber, pulp, paper and newsprint. On the other hand, imports of textile fibres declined; cotton stocks were run down and wool prices fell.

There is no doubt that industry needed higher imports last year especially since in 1954 expansion in production was not matched by a corresponding increase in imports. Although one cannot draw a firm conclusion from the available statistics, there is little doubt that some stocks were accumulated last year. Thus there is reasonable hope that in the coming months any expansion in imports will be at a slower pace than last year. Coal and steel imports are likely to decline and perhaps also the high imports of cereals. Exports should continue to expand. Although the restrictions introduced in Australia and New Zealand may affect exports to those markets, trade with the sterling area as a whole should continue at a high level. The prospects in Western Europe appear to be good. The measures taken to restrain demand are designed to hold expansion within reasonable limits, rather than to reduce activity and with the exception perhaps of the Scandinavian countries, the measures are for the most part rather mild. There should be further opportunities of increasing exports to the expanding markets of the Middle East; and in the dollar area as well as in the less developed countries the U.K. has proved last year that it can hold its own.

applied once again. The position, however, was so grim and in need of such quick acting correctives that the rediscovery of credit discipline had to be supplemented by more specific measures of economic control. Once again imports were cut and a direct attack made on the imbalance of Britain's overseas payments.

The mixture on that occasion succeeded admirably. It did so in part because dearer money was aided by the pricking of the post-Korean boom throughout the world. Commodity prices were falling and when that is happening the efficacy of dear money is doubled. Traders and manufacturers are more likely to get rid of stocks and pay off bank loans when the trend of prices is downward than when the converse is true (as is now the case) and when traders are convinced that if they destock they will have to restock at higher prices later on.

Whatever the explanation, the remedies of 1951-52 worked most efficaciously and by the middle of 1952 Britain's economy was soaring again and with such momentum behind it that the recovery carried right through 1953, which was the first post-war odd year not to be marked by balance of payments difficulties. Since then the policy of the Government has been opposed to the use of specific economic controls. With Mr. Butler at the Treasury Britain has in fact taken the initiative in the move towards freer trade and freer payments.

When, therefore, overseas balance of payments difficulties manifested themselves again in 1955, the correctives applied were essentially those of over-all domestic credit control. Bank rate was raised to 4½ per cent and steps were taken to curtail credit. As the year progresses more specific controls appeared. Directives were given to the bankers with instructions to apply their own sense of what was in the national interest in determining which credits to curtail and which to leave untouched. Specific restrictions on hire purchase credit were reintroduced. Among these direct measures mention should also be made of a curtailment of marginal capital expenditures by the nationalised industries. New machinery was also devised for financing the capital needs of local authorities.

This last development was the most important of the changes announced in the supplementary budget last October. Until then the local authorities had been able to borrow more or less automatically from the public Works Loan Board at comparatively low rates of interest. The money in question was provided by the Exchequer which, in turn, financed itself by additional issues of Treasury Bills. Thus houses built by the local authorities were being financed by the shortest term and most inflationary form of borrowing. The rates charged to local authorities are now being increased and before they are allowed to borrow from the Public Loan Board, these authorities must show that they have made appropriate efforts to raise the money in the open market. Since the local authorities, through their capital programme, spend in the neighbourhood of £600 million a year, or almost one quarter of the total investment made in this country, the importance and significance of this development should be self-evident.

While the excessive demands on the British economy are thus being curtailed by restriction of credit and by a more direct attack on the capital programme of the local authorities, Britain has during this past year of difficulty

LOOKING TO THE FUTURE

We are once more in one of those odd years that have punctuated the post-war financial history of Britain. They have occurred in 1945, 1947, 1949, 1951, then skipped 1953 but returned in 1955. That there should be this regular series of crises and that the difficult years should be odd years may have profound psychological as well as economic significance. The phenomenon is under close study by the Government's economists as well as by the Conservative and Labour Parties, writes The Economist Intelligence Unit, London. It can, however, be assumed that the 1955 balance-of-payments difficulties will be overcome fairly soon. Their main cause is the over-buoyancy of the economy. But this is likely to be corrected (1) In the main by the credit squeeze, the effect of which is rapidly becoming more and more evident. (2) The capital cuts which will fall with special severity on the building industry will also tend to change the economic climate. (3) Allowance must also be made for the deflationary effects of the fiscal proposals made in the supplementary budget.

Despite all warnings to the contrary British exports continue to make reassuring headway in the world markets. The figures for October were reasonably free from the after effects of the dock and railway strikes and showed a remarkable record of exports—sales to the dollar markets of North America were also at the highest figure ever achieved. If the visible trade figures for October could be kept up an overall balance-of-payments surplus of approximately £150 million per year would be indicated.

The behaviour of sterling in the foreign exchange market strongly suggests that the balance-of-payments crisis reached its peak and began to pass towards the end of September.

Indeed, some keen observers of the economic situation already suggest that the cumulative effect of the remedial measures taken in the realm of credit policy together with the capital cuts in the public sector of the economy and the increased taxation introduced in the supplementary budget may cause the pendulum to swing too far in the deflationary direction and push Britain into an appreciable slump some time next year. There need, however, be no undue concern on this score. At the first sign of production and employment falling below what can be regarded as normal and healthy levels, there is an amplitude of economic controls that would immediately be reversed so as to push the economy on an expansionist trend again.

Above all, as a guarantee against recession is the fact of the boom of production and trade in the United States

adhered to the policy of freer trade and payments which it has steadfastly pursued since the end of 1952. Admittedly this is a road on which further progress cannot be made until the balance of payments once more shows a surplus sufficient to allow Britain to meet its capital commitments and to provide the margin essential to finance new investment in the Commonwealth. Apart from this it is essential that the British gold and dollar reserve, which has to serve not only Britain but the whole sterling area, should be larger than it is today. There has, however, been no retreat on this front. The objective of the Government is still to deal with the causes and not the symptoms of inflation. That was the Butler recipe. It is likely to be that of his successor, Mr. Macmillan.

which has magnificently withstood the shock of President Eisenhower's illness. As long as the United States are booming there can be no real slump in the rest of the free world.

Looking beyond this there is also a vista of enormous capital development plans in the world, the fulfilment of which will tax not only the resources of the old-established capital markets, but the capacity of the older industrial countries to produce the capital goods needed. Among these vast development plans which are now in the stage of preparation are: (1) India's second five-year plan, the probable success of which is indicated by the over-fulfilment of the first. (2) Egypt's High Dam project, the cost of which is to run to over \$1,200 million to be financed partly by the World Bank, partly by freeing what is left of Egypt's blocked sterling balances and by loans floated on the international markets. The planning of this tremendous scheme which will ultimately increase by about one-third the irrigated and cultivated area of the Nile valley has already been entrusted to a firm of British contracting engineers, and much of the enormous electrical work may be given to British firms. (3) Italy's ten-year Vanoni plan which will also rank for World Bank assistance and is destined to change the economy of the South of Italy.

These are but three of the projects that symbolise the era that stretches before us—an era of immense expansion, new industrial techniques, boundless opportunities.

The underdeveloped and poorer countries of Asia, Africa and Latin America will be looking over their shoulders to the competing qualities and attributes of the Communist system as a possible formula on which to tackle their development programmes. This will be a constant spur to the free world, and especially the United States, to strain their resources to the utmost in order to sponsor these projects and to give them the hallmark of capitalism and private enterprise.

Looking to this future—say of the next decade—it is more than likely that plans of industrial expansion will go hand in hand with the persistence of relatively large defence budgets. The Geneva Conference will have convinced all concerned that real peace and massive disarmament still lie a long way off. Regrettable as this may be, it adds to the expansionist and inflationary potential of the next ten years.

No absolutely confident answer can yet be given to one vital question. Can the United Kingdom right its economy not merely in terms of overcoming another odd-year crisis but in terms of the more permanent solvency that will fit it to take its part in this new age of capital development?

Possibly the comforts and disincentives of a welfare state and its capacity to absorb resources are incompatible with the frugality required to build up those balance-of-payments surpluses that must be achieved by a country which is to play a major role in these developments. This is a question that must be asked and that should be put to the nation by its political leaders in much more courageous and outspoken terms than have yet been used.

But it is a question to which a defeatist answer should not be given outright. If there is a doubt about it the benefit should at present be given to optimism. It is too early to write off Britain as a great power—which is what would be involved if the assumption were made that never again will Britain have the self restraint, discipline and thrift

SOCIAL FEATURES OF BUDDHISM IN THAILAND

Considerable attention has been given to the philosophical aspects of Buddhism, but its social features have often been overlooked. An analysis of the most commonplace practices and activities of Buddhism not only furnishes a new insight into this religion but indicates as well how many-sided and significant in a social sense are the activities we are accustomed to regard in a purely religious or philosophical light.

The Monastic Order of Siamese Buddhism furnishes a particularly useful subject for this kind of social analysis. It should be emphasized, however, that by looking at the social aspects of Siamese Buddhism and of the Monastic Order, I am in no way neglecting to appreciate the religious aspect of this religion and the purely religious motives behind Buddhist activities. This article is not an attempt to

required to live up to its responsibilities as an international banker and as head of the sterling family.

In looking to the medium and more distant future, therefore, one should be able to assume that Britain will play its full part in this coming age of expansion and industrial development and will reap the resulting harvest of prosperity.

That being so, the domestic market will remain buoyant and well endowed with purchasing power. In the long run those segments of trade and industry that touch consumer goods will flourish. The same holds good of entertainment and of consumer services of all kinds. Automation, which is coming as surely as day follows night, will mean more purchasing power and more leisure in which to spend it.

Retail trade will expand, but it will also be revolutionised. The business will go to those enterprises that have new ideas and the financial resources to put them into effect.

The capital goods industries look like being fully employed for almost as far as the mind's eye can reach. Apart from our own industrial re-equipment and development at home there will be persistent demand for capital goods from such schemes as have already been mentioned, the St. Lawrence Seaway, the Vancouver Island scheme, and so on.

For the near future, the British economy must be allowed to cool down slightly. Development must be cut—if only because it is so expensive and difficult to finance. This is not the time at which to borrow; or if one must borrow, it is the time to take short-term credit rather than long term loans.

For the same reason there must be considerable temptation to let stocks run down. It should be resisted—if at all possible. The appetite for primary materials in the United States and the Continent of Europe is becoming keener. This is not the time to go unduly short of essential raw materials.

Looking beyond this immediate crisis—the corner of which has probably been turned already—there lies a period of rapid expansion over the greater part of the world. The present may be a time for postponing by a few months plans for plant expansion and for delaying arrangements for their permanent capitalisation; but it is not the time for retreating into one's industrial and commercial shell. To do so today would be to turn one's back on the greatest era of opportunities since the beginning of the industrial revolution.

explain why persons participate in the Monastic Order, but merely an attempt to explain what happens because they do so.

There is good reason for believing that the Monastic Order of novices and monks is the most important social grouping in Thailand. No other voluntary organization of persons is as large, in the sense of persons belonging to it at any one time; no other group equals the Monastic Order in prestige; and no other group has anywhere near the degree of popular participation which the Monastic Order in Thailand has. In 1941, according to official statistics, there was a total of 148,234 persons in the Monastic Order, yet even this figure does not give an adequate idea of the size Order. Practically all men spend some time in the Order as novices or monks at some time in their lives. Although women are excluded, it is possible for them to participate indirectly in the activities of the Monastic Order through attendance at religious ceremonies, by giving food and gifts to the monks and to wats, by financing the ordination of relatives, and so on. If most men enter the Monastic Order, then it is equally true that most Siamese women come into close, almost daily, contact with the Order through the activities mentioned above. In any event, we can safely conclude that the Monastic Order and the Buddhist teachings it represents affect almost every Siamese person in the Kingdom in a most personal and forceful way.

If this is so, then a closer examination of the Monastic Order and the teachings which it upholds will probably give some insight into the social effect of Buddhism on the rest of Siamese society.

Before doing this, however, it would be well to understand two characteristics of all groups or people, or societies. For the sake of clarity my examples will be as simple as possible, but not without validity.

We may look at any society—or nation, or people—as composed of two categories of persons. There are the persons who are at the top socially, and there are persons below them. By the persons at the top, I mean simply those people who are most honored, most respected, and who by far and large become models of conduct for the others in that society. There are all kinds of levels and degrees between the top and the bottom of any society, but for the sake of clarity now, we can restrict our attention to only those I have mentioned. In brief, there are the most honored, most respected people at the top, and there is the rest of society below them. This is then the first characteristic of any society.

In every society there are ways or means available by which persons in the lower levels of that society may rise to the upper or topmost levels. For example, a person born of a humble, undistinguished family may by acquiring an education in good schools and a university rise to a high social position; in this case the educational system may be regarded as an avenue for social advancement. Or, a person may rise through his occupation, from a clerk in the office to the manager of the company, and the economic system therefore becomes another avenue to higher social position. Just as each society has several levels of social position between the top and the very bottom, so are there several avenues usually in every society which may be utilized by a person who wishes to rise socially. These avenues vary from society to society, even from time to time, but for the moment, and for the sake of clarity in

this analysis, I shall merely indicate the existence of these avenues which form the second characteristic of any society. To recapitulate briefly, there are two features of any society. One, there are persons at the highest social positions in that society, and persons at lower or less honored places. Two, there are ways or avenues by which a person in the lower positions may rise to the highest position.

It will be generally agreed among the Siamese themselves that excepting members of royalty, the most honored and respected persons in Thailand are the Buddhist monks, not so much as individuals but as a group or class of people. This status of a Buddhist monk in Thailand is so unique that it has almost no parallel in the Western World. A monk is elevated and set apart from the world of ordinary men. He is considered to be a kind of third sex, different, better, higher than others in society. The monk's title is Phra—holy, sacred, exalted—and he is sometimes referred to as Phra Khun Chao—The One Who Is Lord. The pronouns he uses in reference to himself and those used by people addressing him are of a special category of excellence. A Buddhist monk is both the expression and the model of the ideal life. While some persons outside the Monastic Order may attain exceedingly high social, financial, or military positions, none can really equal the true respect and honour which is shown even the humblest monk or novice. The parents of the youngest novice bow before him, even royalty pays homage to the Buddhist monk. It is therefore reasonable to conclude that the yellow-robed monks represent the highest positions in Siamese society. This statement applies to all monks, those who enter the Order for only 3 or 4 months as well as those who remain within the Order for years and rise to high rank as religious leaders, for all within the Order regardless of their positions are accorded the same respect and honour by the Siamese people.

Now, there is only one avenue by which a man may attain this high position in Siamese society, and that is, of course, by joining the Monastic Order and becoming a monk through ordination. There are several features about the Monastic Order which because of its function as an avenue to this high social position deserve particular attention.

First, only men are admitted to the Monastic Order; the Buddhist nuns cannot be considered as an adequate substitute inasmuch as they hold no such exalted position in the minds of the people as do the novices and monks.

Secondly, all men, with but few exceptions, are admitted to the monastic order. Wealth, family background, economic position, even education beyond the minimum required are unimportant; in brief, nothing that a person has achieved prior to his entrance into the Order makes the least difference—the most non-ambitious and the most ambitious are placed at exactly the same level so far as the Order is concerned. A person must be healthy, free from debt, released from Government service, and have the consent of his parents or wife before he may enter the Order; he must be able to read and write, to understand the rules and precepts of the Order, and to have some knowledge of Pali. But these restrictions are relatively slight and they cut out individuals here and there rather than classes or levels of Thai society. We can say that from the point of entrance requirements, the Monastic Order is classless and lacking entirely in any social discrimination, excepting those relating to good health and morals. This means in practice that anyone, from the most humble farmer to the prince, have equal rights to become a novice or monk. And more than that, anyone may do so at anytime in his life from the age of 12 years upwards, for as long as circumstances or his own inclination permit. This absolute openness of the Monastic Order is one of the most extraordinary features of Siamese society.

Unlike other avenues to higher social position which I have mentioned—the educational system or the economic system—the Monastic Order elevates a person normally for only a temporary period to this high position. For most men this is for only 3 or 4 months, a brief time in the life span of an individual. Yet I see no reason to underestimate the importance of even this short period. The seriousness with which ordination is treated by the Siamese, the many ordinations of others in addition to his own in which a person may participate, and the important times or age periods when the experience of ordination comes, all indicate that the experience of being a monk, however brief, is a deep and impressive one. The Siamese people declare that a few months in the Monastic Order will turn a delinquent young man into a socially responsible person, with the good effects lasting throughout his life.

There is one further entrance requirement for the Monastic Order which must not be overlooked. Those who enter the Order must relinquish all material possessions beyond the minimum supplies required for the needs of the monk. Not only that, but the monk must strive throughout the entire period of his monkhood to erase from his mind the desire for material possessions or comforts, fixing his thoughts on the non-material aspects of existence. This emphasis on the extinction of worldly desires is a key doctrine in Theravada Buddhism, and in a number of ways it is kept before the consciousness of all persons who participate in the religion. The yellow-robed monk who has renounced the world for the way of The Buddha is the exemplification of this doctrine.

Having said all this, which is mostly common knowledge to those familiar with Siamese Buddhism, what further information might be added? Merely this: sociologists among others recognize the close interrelationship between all parts of any society. The inner workings of a society may be compared to that of a watch, with intermeshing wheels and gears, so that when one wheel or gear is moved, other wheels within the watch move also in response. In society, activities in one field lead directly or indirectly to responses in what appear to be unrelated fields.

There is a correlation, then, between the features of the Buddhist Monastic Order which I have mentioned above and other activities of Siamese society. It would be a mistake, certainly, to trace everything that is done in Siam to the Buddhist religion—other influences join in to facilitate or to hinder tendencies initiated by Buddhist practices. However, we cannot deny the important weight of Buddhism and the Monastic Order in Siamese society, and for this reason we are justified in starting from it and looking outward to other parts of society.

If this analysis of the Monastic Order has any validity, we should expect to find a connection between the openness of the Order as an avenue to social position and the admittedly non-ambitious characteristics of many Siamese. The Siamese people are easy-going in a way not found in the West—Thailand is justly known as the Land of Smiles—and without going further into this matter, I would suggest that the reasons for this may be found to lie more in the unique social structure of the country, of which the Buddhist Order is a large part, than in the hot climate and abundance of resources of the Kingdom.

We should also have reason to believe that there are observable differences in social drive and ambition between Siamese men, who have the Monastic order open to them, and Siamese women, who have to use other more competitive means in society to attain a higher social position. Foreign visitors to Thailand have usually noted how active in trade and commerce Siamese women are—for they run

THE RICE IMPORT REQUIREMENT OF THE PHILIPPINES AND THAILAND

By S. Y. Lee

In spite of the fact that Philippines have been trying hard to maintain self-sufficiency in rice production as much as possible they imported 829,483 metric tons of rice from 1945 to 1955, of which 391,624 metric tons (47%) were from Thailand.

PHILIPPINES' IMPORTATION OF RICE FROM DIFFERENT COUNTRIES

IN METRIC TONS

	Thailand	Burma	U.S.A.	Pakistan	Ecuador	Mexico, Chile, Egypt, China and Others	Total
1945	—	—	—	—	—	1,605	1,605
1946	53,717	—	85,817	—	8,174	1,635	149,343
1947	17,863	—	98,448	—	9,072	—	125,383
1948	65,642	4,039	—	—	23,193	27,237	120,111
1949	39,351	19,554	57,293	—	18,412	10,937	145,557
1950	4,919	—	—	—	—	—	4,919
1951	109,123	—	—	—	—	—	109,123
1952	29,999	29,920	3,023	—	—	—	62,942
1953	—	—	—	—	—	—	—
1954	15,000	—	—	27,500	—	—	42,500
1955	56,000	12,000	—	—	—	—	68,000
Total	391,624	65,513	244,581	27,500	58,851	41,414	829,483

Source: National Rice and Corn Corporation.

In the year 1955, they imported 56,000 metric tons from Thailand and 12,000 metric tons from Burma. But they have the following outstanding contracts with suppliers of Pakistan rice.

33,200 metric tons for straight purchase
23,700 metric tons for barter with Philippine sugar
25,000 metric tons for barter with Philippine copra

81,900 metric tons

Due to the recent flood in Pakistan, she was unable to supply Philippines as per contracts and it is highly doubtful

whether the shipments can ever be made within the recent months.

If no typhoon or other catastrophes happen to damage the crop, the production of the year 1956 (i.e. from the crop which is being harvested now) is estimated to be one or two percent more than the 1955's level of about 72,800,000 cavans of palay (1 cavan of palay or paddy = 44 kilograms) although it was reported that rat pest in Mindanao and drought in several parts of the islands destroyed some of the crop during the growing season. Taking into consideration the annual increase of population and possible need for stockpiling to meet war and unforeseen emergency the import requirement of 1956 will not be less than that of 1955. Early crop in the Philippines is harvested during December while the major part of the crop, during January and February. Thus on the assumptions that (1) no typhoon or other eventualities damage the crop before it is harvested and (2) Pakistan suppliers will fulfil those outstanding contracts of 81,900 tons, Philippines will still have to purchase from abroad at least 50,000 tons during 1956; in other words the import requirement will be about 132,000 tons for 1956 on the first assumption alone.

ESTIMATED ANNUAL RICE (MILLED) PRODUCTION, CONSUMPTION, AND SELF-SUFFICIENCY—METRIC TONS 1951-1955

Year	Production	Consumption	Self-Sufficiency %
1951	1,665,000	1,785,400	93.26
1952	1,801,400	1,825,700	98.67
1953	2,000,800	2,007,200	99.68
1954	2,025,200	2,079,500	97.39
1955	2,038,200	2,116,700	96.29

Source: Department of Agriculture & Natural Resources, Philippines.

The above statistical figures may give a misleading idea that Philippines have attained to a high degree of self-sufficiency in rice production. In fact, they have not done

the markets throughout the Kingdom—as compared to Siamese men.

It would be reasonable to conclude that the fundamental difference between Thailand and the highly industrialized countries of the West, like the United States and Britain, is not so much in the level of material development—although this is most apparent to many observers—but the manner in which this material development is regarded. In the West our avenues to social position are largely dependent upon the acquisition of money and goods. The banker and the businessman have leading positions among us. In Thailand, the Buddhist monk who gives up almost everything and renounces material desires and comforts is the most respected person in the land. Our present stage of material development in the West has been realized by the use of money and goods as a goal for the individual.

The problem in trying to raise the level of material development and production of Thailand is complicated by the fact that money and goods as goals for the individual in themselves are contrary to the basic doctrines of Buddhism, for Buddhism teaches, and the monks practice, the extinc-

tion not the creation and the satiation of desires. It seems apparent that in the present development programs either the materialistic values of the West must be adapted to Thailand's social and religious system, or that Thailand's religious orientation and social structure change so as to conform to these materialistic values inherent in all development programs. If, as the Siamese believe, the Monastic Order is a principal agency for the social control of young men, then any weakening of the present religious structure, and with it the Monastic Order, will inevitably be accompanied by unwanted increases in the rate of delinquency and criminality for the population in general.

Finally, I would like to suggest that what is found to be true for Thailand in this analysis should also be true in other Theravada Buddhist countries like Ceylon, Burma, Laos and Cambodia, where similar Buddhist activities are found. These other countries provide a kind of testing ground for these and other theories on the influence of Buddhism on society, but a testing ground which thus far has not been exploited.

— Richard J. Coughlin

so, despite the great effort of the country to encourage the cultivation of rice and other food crops. Import is monopolised by the National Rice and Corn Corporation (NARIC) which is a government concern and which aim is to maintain a high price of palay (what we call paddy) paid to farmers but a low price of rice for consumers. At the end of November in the wholesale market in Manila, imported rice (Thai, Pakistan, and Burmese rice is grouped together for sale by NARIC without distinction) was sold at P27.30 per sack of 100 kg. ex-godown, Macan No. 1 at P20.50 per sack of 56 kg., Macan No. 2 at P20.00 per sack of 56 kg., Elon-Elon at P21.00 per sack of 56 kg. and Wag-Wag at P25.50 per sack of 56 kg. During a visit to NARIC's distributive centre at Cabanatuan, the centre of the big rice plain in Luzon, and 125 kilometers to the north of Manila, the writer saw NARIC sell, direct to consumers, imported rice (Thai rice 50% broken and Burmese rice Ngasein SMS) at P0.70 per ganta (2.4 kg) and Macan No. 2 1953-54 old crop, which is a bit infested and is apparently inferior to imported rice in quality, at P0.82. He was told that if people were allowed to have a free choice, they would readily buy Thai rice rather than Burmese rice; and prefer imported rice to that old crop of Macan No. 2. Thus it was clear that if rice is allowed to be imported freely, the Philippine market will be flooded with Thai and Burmese rice, resulting in the lower price, the curtailment of home-production and the abandonment of many rice-fields. The high degree of self-sufficiency was attained only through the restrictive regulation of import by NARIC and did not reflect the true economic forces. Of course there are very good reasons for Philippines to attain self-sufficiency in foodstuff production even at a high cost. Philippines being a group of islands would be in great danger during war if they depend too much on imported foodstuffs, as they had already experienced during the last War.

Since all imported rice is sold by NARIC to the consumer at the same fixed price, irrespective of the source of supply, Thai rice is handicapped in the respect that its good quality cannot induce NARIC to pay a much higher price than for Pakistan or Burmese rice. The Philippine Government fixes a ceiling price for imported rice to be sold to the poor people so that NARIC cannot buy from abroad at the slightly higher price. In a way, the fixing of all imported rice at the same price is very arbitrary and takes no consideration of the consumer's choice; in fact little price differentials should be allowed for different qualities of imported rice, without contradicting the aim of supplying cheap rice to the general public.

There are about 8,000 rice-mills in the Philippines, of which about 900 are of Cone or Semi-Cone Type with the average capacity of milling about 150 cavans (1 cavan of rice = 56 kg) of rice per 10 hours' working and about 7,100 are of Kiskisan Type with the small capacity of about 30 cavans per 10 hours' working. Although NARIC has the keenest desire to import paddy instead of rice from abroad, it is very doubtful whether the rice-mills in Philippines can have the capacity to mill the imported paddy in time of urgent need and whether they can do so economically at low cost. In the past experience thousands of tons of imported rice were immediately distributed for consumption after arrival; Philippines usually do not purchase rice from abroad unless they are badly in need of it. Can their own rice-mills mill so much imported paddy within a short time? However if it is argued that they want paddy for the purpose of storage, that is another question and there is good reason for it. But exporting countries do not allow the exportation of paddy for the sake of protecting the rice-milling industry.

Next, we come to the question of the possibility of Philippines buying rice from Thailand. Although they had

ECONOMIC REPORTS FROM THE PHILIPPINES

Increase of Copra Demand: Better demand, and possibly better prices, for Philippine copra in the near future is predicted. The liquidation of stock piles of vegetable oil by the governments of the United States, the United Kingdom, and Holland caused a considerable decrease in prices of copra and other oils in the world market. When these stocks were consumed, prices may be better. Modern fertilization, irrigation, and pest control practiced in the United States created big production of vegetable oils, even though the U.S. government curtailed the acreage of cotton cultivation. This production caused a "depressed situation" in the international market. Philippine copra is now quoted in world markets at almost the same price as Indonesian copra. Copra coming from the Philippines has now higher oil content and lower free fatty acids and moisture. Until recently, Philippine copra had been paid P14.00 lower per ton than Indonesian copra.

Leather Industry: A four-point recommendation aimed at improving the quality of locally manufactured leather goods was submitted to the Department of Agriculture. The recommendations are: 1. Proper flaying of hides and skins of animals slaughtered in the national abattoir and of those in the municipal and city slaughterhouse which are under the supervision and control of the Bureau of Animal Industry. 2. Education of the people engaged in the industry, such as butchers, dressers and cattle and meat dealers. 3. Issuance of licenses to qualified skinners only, and only after proper tests have been conducted to prove their qualifications. 4. Preparation of pamphlets with illustrations on how to properly remove the hides and skins of animals butchered to avoid cuts and scores, and on the proper curing of hides to prevent putrefaction. The plan to establish a research laboratory to promote the development of the local tanning industry, was held in abeyance.

bought from many sources in the past such as Thailand, Burma, Pakistan, U.S.A., Mexico, Ecuador, Chile, China and Egypt, yet the most important competitors for Thailand in that market are Burma and Pakistan, particularly Burma. Owing to the political unrest, Indochina cannot have much surplus rice to be exported for the next year. Pakistan suffered from flood recently. The rice from U.S.A. involves a high freight cost and is normally too dear, unless it is financed by some American aids. At times, Thai rice was competitive in price to Burmese rice. But in view of the huge exportable surplus of rice, somewhat about 2.3-2.4 million tons in 1956, Burma is going to lower the export price progressively. On the other hand, the new Thai Government regulation of levying the premium of 935 ticals per metric ton on all whole rice from 100% whole down to 50% broken will tie the hands of Thai rice exporters to compete in the Philippine market, because for 25% and 50% broken which Philippines demand, the premia were only Tc. 600 under the old regulations. As regards quality, it seems that Thai rice enjoys a better reputation in the overseas markets than Burmese rice. Moreover, there is no old stock left in Thailand whereas there is plenty of somewhat infested, old crop left unsold in Burma. Buyers should have more confidence in the quality of Thai rice than that of Burmese rice. Philippines would buy the best possible quality from the cheapest source, as all sensible buyers do. It is up to Thailand to make Thai rice competitive in the international market.

Higher Abaca Output: The agriculture department predicted that the country's abaca production in 1955 may reach 900,000 bales. The rising trend of hemp prices brought about by the shipbuilding boom in Japan, Europe, and other countries has encouraged the increased production of abaca in the Philippines. From January to October, abaca bailings have increased by 64,877 bales as compared with the same period in 1954. District No. 4 (Bicol region) registered the biggest increase with 49,253 bales, followed by District No. 3 (Davao-Cotabato), with 20,622 bales. The Davao-Cotabato region, however, is still the largest producer of abaca with 375,769 bales, as compared with the 175,055 bales produced by the Bicol area.

The fiber inspection service inspected, approved and certified 733,802 bales of 126.5 kilos each, consisting of 708,955 bales of abaca and 24,847 bales of deco (fibers cleaned and processed by a decorticating machine).

Pig Iron Plant: The establishment of a pig iron smelting plant has been urged so as to integrate the steel industry of the country. The plans envisage the installation of an electric smelting furnace and refining plants in Iligan, Lanao; two low shaft charcoal furnaces in Camarines Norte and Angat, Bulacan; and auxiliary plants for the manufacture of water pipes, coke and by-products. The proposed plant will (1) reduce the importation of machinery and steel manufactures now amounting to approximately \$100 million annually; (2) develop the local charcoal and coal industries; (3) create new opportunities for employment of approximately 10,000 men; (4) create a domestic market for iron ore which is being exported at present at the rate of 2,000,000 tons a year; and (5) supply the demand for steel ingots and pig irons for existing rolling plants, shops and foundries.

The demand for the products of the proposed plant was assured, as many firms like the Mariveles and Cebu shipyards, the Earnshaws Docks and Honolulu Iron Works, and other private foundries use the pig iron for castings, machinery repairs, soil pipe manufactures, and mill rolls for sugar centrals. Deposits in the country of raw materials for the proposed plant, like iron ore, coal, charcoal, and limestone exist in abundance.

Rural Electric Projects: The Philippines may obtain the services of United Nations technicians who would undertake survey of local conditions and formulate details on rural electrification works. The establishment of a rural electrification demonstration center is being planned in anticipation of the current hydro-electric power development program undertaken by the National Power Corporation. The successful completion of the project would revolutionize the living conditions of the rural population, increasing their production through the extensive use of electricity. While the agriculture department could contribute the resources of its personnel and facilities, the aid of foreign experts on the highly technical work was necessary.

Enriched Rice: Dr. Conrado R. Pascual, chief, Institute of Nutrition, stressed the importance of enriched rice as a great nutritional boon to the Filipino family. He predicted that within a few years, beriberi, No. 2 disease-killer in the Philippines, will be licked as a public health problem because of the fortified elements in enriched rice which will guarantee protection of the masses against this menace. The new rice enrichment law, which brings fortified rice to a Filipino family of five at a cost of only P0.02 a day, is now enforced

in all provinces and cities of Luzon. By November 1956, the entire country will have been covered by this law.

Housing Projects: The National Economic Council urged commercial banks and other credit institutions to provide long-term credit plans to encourage housing projects all over the country. Ultimately the Philippines would benefit with the long-term credit plan because several firms, both domestic and foreign, had expressed desire to launch multi-million peso housing projects. A corporation like the Rehabilitation Finance Corporation should provide for loans of over ten years for housing and industrial projects.

Ceramics: Max Schaeffle, United Nations consultant on ceramics, predicted that ceramics would become a big industry in the Philippines within a few years. The Philippines is fortunate in having at its disposal nearly 90 per cent of all raw materials required for the manufacture of such ceramics as dinnerware, plates, saucers, bathroom and toilet fixtures, and many other items. The potential that exists in this field makes it imperative that government help be extended to develop the industry through the stimulation of the conditions necessary to bring about such development. Not only small enterprises to help village employment should be set up, but also the larger ones, employing many Filipinos and using improved machinery and methods to produce the same things now being imported at the cost of millions of dollars a year. Schaeffle spent two years in the Philippines, surveying local ceramics efforts in the city and countryside.

Scrap Iron: A total of 14,680 tons of scrap iron, worth \$1,365,420, has been salvaged from Manila, Cavite, and Cebu waters since the start of the Japanese salvage operations last August. 46 staff-members, 83 divers, 500 workers, 2 doctors, and one PX man composed the salvage teams which retrieved the scrap iron in four months of operation. There are now 631 Japanese salvage workers in the Philippines working with seven salvage firms: the Nippon, Iino, Ikada, and Miyachi salvage companies assigned at the North Harbor area, Kure and Amakasu salvage companies in Cavite, and the Toyo Kaigi company in Opon, Cebu. 1,248 cases of dynamite and 36 cases of blasting caps are stored in Corregidor for the continued blasting and salvage operations of the Japanese teams in the country for the next three or four years.

Sugar Crisis: Alfredo Montelibano, chairman of the National Economic Council, warned that the country's sugar industry was in a precarious situation due to United States discriminations in favor of Cuba and to the unfair distribution of sugar allocation under the London sugar agreement. Central Bank Governor Miguel Cuaderno urged the Philippines' withdrawal from the multi-lateral agreement on the ground that it allocated a quota of only 25,000 short tons during the last conference in London of the International Sugar Council. In contrast, Cuba received 2,550,000 short tons out of the 5,350,000 tons distributed. Montelibano stressed that if the allocations were based on production, the Philippines should be entitled to 400,000 tons. Referring to U.S. domestic consumption with regard to Philippine sugar, he pointed out that the quota was reduced from 15.41 per cent of the total U.S. domestic consumption in 1934 to only 10 per cent of the quota it received that year. Cuba, on the other hand, received almost 90 per cent of the 3,500,000 short tons increase in the U.S. domestic consumption.

Montelibano stated that instead of expanding its production, the Philippines was, during the last 21 years, compelled to reduce its production to only around 1,230,000 tons or some 20 per cent of its 1934 production. Philippine sugar production could be raised by 3 to 4 million short tons with a total value of from \$40 to \$50 millions

New Refinery: Joseph Parrish, an executive of the Standard Vacuum Oil Company, said the firm was planning to establish an oil refinery plant in the Philippines in conjunction with the development of its oil concessions in the Cagayan valley. The refinery will be opened simultaneously with the opening of Stanvac oil concessions in the Cagayan valley now under exploration by a team of geologists. During its initial operations, crude oil from nearby countries will be shipped by Stanvac to its Philippine refinery for conversion into gasoline and kerosene. Eventually, the refinery will also start processing oil obtained in Cagayan.

Import of Bees: The Department of Commerce and Industry backs a proposal to import bees in a move to make the country self-sufficient in honey. Bee culture in the Philippines has bright prospects. The country imported honey worth P44,702 in 1953, and the latest figures were estimated to be more. Honey and its by-products were needed in the preparation of medicines, cosmetics, and candies.

Tawitawi: The Tawitawi island group in the Sulu archipelago offers good opportunities to agricultural prospectors as vast tracts of tillable land areas in the interior are available for settlement. The soils of Sulu were mostly residual and of volcanic origin, except in flat low-lying limestone areas. The island of Jolo has pocket valleys whose soils are of recent alluvium. Coconut, citrus, rubber, onion and garlic are some crops which may be raised profitably in most areas of Sulu. Large scale cultivation of cassava is specially suitable in Jolo because of favorable soil and climate.

Benefits of New Refinery Plant: The proposed stanvac refinery is to have a capacity of 21,000 barrels per day at the beginning with the possibility of being expanded. The refinery will make a complete line of the major petroleum products which are in demand in the Philippines. The cost of the refinery project when completed is estimated to be P20,000,000 in the Philippines for materials, supplies, labor and services in connection with the establishment of this refinery. 2,000 Filipino laborers and skilled personnel will be employed on the project at the peak of the construction period which will run for about two years. 500 Filipino personnel will be employed in the operation of the refinery and the majority of these will have been given specific and thorough training for the positions they will hold.

Shell Company Refinery: The Shell Company of the Philippines is prepared to erect a refinery in the Philippines. The most important factor is repatriation of capital and remittance of profits. Because of the oil firm's confidence in the future of the Philippines, it looks on its proposed investment on a long term basis. The Shell Company cannot disclose the location or size of the refinery. It can only say that it will be a large refinery which will look after the requirements of Shell's customers in the Philippines and that it will be among the biggest single foreign investments in the country.

Survey Fiber, Coffee Industries: Two economists from the Food and Agricultural Organization—Albert Viton, chief of the coffee, cocoa, and other beverages section of the FAO, and Thomas Jefferson Davies, agricultural economist—conduct an economic study of the coffee, cocoa, and hard fiber industries in the Philippines at the request of the P.I. government. Viton will look into the potentialities of the cocoa and coffee industries, and survey to what extent they could be developed. His findings would determine future policies of the government toward development either of the coffee or cocoa industry. Davies is studying the problem of Philippine hard fibers, especially abaca. He was sent here to determine whether the abaca industry could be expanded and geared to long-term outlook.

TRADE AND INDUSTRY OF MALAYA

TRADE

Within the portfolio of the Minister for Economic Affairs there are two Divisions, each headed by a Controller. The Economic Division covers general economic policy and planning, while the Trade Division covers trade and supply. These two Divisions are the main link between Government and the commercial and industrial interests of the country. There is a Central Advisory Committee on Trade and Supplies through which Government obtains unofficial advice and recommendations.

For the year 1954 the Federation had a favourable balance of trade amounting to \$309 million, compared with \$149 million in 1953. This improved balance was largely accounted for by the increase in the value of tin exports resulting from a record production, and a fall in the value of imports due principally to the very much lower quantity of rice imported during the year. Lower prices and a lower volume of consumer and capital goods imported helped further to reduce the value of imports.

The price of rubber improved steadily throughout the year and more than made good the ground lost in 1953. By December the average was 86 cents per lb. for No. 1 R.S.S. and for the year 67 cents per lb., equal to the average for 1953. Production for the year was some 10,250 tons more than in 1953. Hence both the value of exports and the yield of rubber export-duty showed a small increase over 1953. The price of tin by the end of the year had dropped from its mid-year peak and the average for the year was some \$10 per picul less than in 1953. The record production however caused an increase in the value of tin exports and the yield of export-duty on tin was some \$3 million more than in 1953. Rubber and tin together contributed 80.3 per cent. of total export earnings and in export duty 17.2 per cent. of total Federal revenue.

The trade in importing sugar was returned to commercial hands from the 1st November, and the trade in rice was likewise to be returned to commercial hands at the end of the year. The retail prices of special, local and medium grades of rice were no longer subject to control after 30th April and remaining retail price control of rice was to be lifted on 1st January, 1955. By the end of the year for the first time since the end of the war, there would be no price controls in force at consumer level. The retail market prices of Siam, local and broken rice all showed appreciable decreases by the end of the year.

The flow of supplies allowed the pronounced buyers' market which started in 1953 to continue in most imported commodities. Trade in textiles and other commodities showed signs of greater activity towards the end of the year. In May the quota restrictions were removed from certain types of manufactured goods from Western Europe, leaving no quantitative restriction on imports from that source. Imports of textiles and cement from Japan were at a lower level than the quantities permitted by quotas. There was a relaxation of controls on certain types of goods from North America. The entrepot trade of Malaya improved slightly as a result of better trading conditions with Sumatra, particularly during the last quarter of the year.

The consolidation of the Co-operative Consumers' Movement initiated in 1953 was continued in 1954, and by the end of the year there were 242 registered societies. The striking feature of the year was, however, the expansion of the Movement in the new villages where the number of Co-operative Shops increased to 23 from 12 in 1953. In spite of the prevailing difficult trading conditions, particularly during the first half of the year, 60 per cent. of the Retail Societies made a profit. The Co-operative Consumers'

Movement is still an important factor in reducing retail prices.

External Trade in 1954

Imports by Commodities for the Years 1953 and 1954

Commodities	Value in \$ million	
	1953	1954
Rice	203.8	93.5
All other food	347.9	312.5
Beverages and Tobacco	84.5	76.0
Tin Concentrates	35.5	46.4
Rubber (all types)	26.2	44.0
Copra	6.0	14.5
Mineral Fuels	107.7	115.2
Chemicals	62.1	72.9
Textile Yarns, Fabrics, made up articles and related products	82.0	89.8
Clothing and Footwear	26.2	25.0
Base Metals	43.6	44.4
Machinery, other than Electric	70.1	63.4
Electric Machinery	39.2	35.9
Transport Equipment	63.6	49.2
Other Commodities	262.9	235.3
Total Imports	1,451.3	1,318.0

Exports by Commodities for the Years 1953 and 1954

Commodities	Value in \$ million	
	1953	1954
Food, Beverages and Tobacco	82.6	91.6
Copra and Coconut Oil	63.7	63.5
Palm Oil and Kernels	36.9	36.8
Rubber (all types)	896.6	902.6
Wood, Lumber and Cork	22.7	20.7
Tin Concentrates	162.4	183.0
Tin Blocks, Ingots, etc.	220.2	220.8
Iron Ore	20.5	21.8
Other Commodities	94.3	86.1
Total Exports	1,599.9	1,626.9

Imports by Countries for the Years 1953 and 1954

Countries	1953		1954	
	Value in \$ Million	%	Value in \$ Million	%
Singapore	556.3	38.3	509.1	38.7
United Kingdom	283.6		260.4	
Australia	65.4		48.3	
Republic of India	25.6	28.7	24.6	29.9
Other Commonwealth Countries	42.4		49.6	
United States of America	24.8		16.1	
Republic of Indonesia	105.9		133.9	
Burma	67.1		21.6	
China	23.4	33.0	19.2	32.3
Thailand	134.1		120.4	
Other Non-Commonwealth Countries	122.8		114.8	
	1,451.3	100.0	1,318.0	100.0

Exports by Countries for the Years 1953 and 1954

Countries	1953		1954	
	Value in \$ Million	%	Value in \$ Million	%
Singapore	677.5	42.4	589.7	36.3
United Kingdom	226.8		241.0	
Canada	20.4		27.8	
Republic of India	40.2	19.3	45.3	22.3
Other Commonwealth Countries	20.7		48.7	
United States of America	231.1		207.5	
Republic of Indonesia	3.9		6.3	
France	71.7		78.5	
Germany	61.6		73.7	
Italy	37.4	38.3	56.2	41.4
Netherlands	31.2		31.8	
Japan	60.9		67.2	
Thailand	34.7		25.0	
Other Non-Commonwealth Countries	89.1		126.7	
	1,598.2	100.0	1,625.4	100.0

Values of imports and exports for 1953 and 1954 were as follows:

	1953	1954
Imports) Including Parcel Post) \$1,451.3 million		\$1,318.0 million
) but excluding Bullion)		
Exports) and Specie) 1,599.9 "		1,626.9 "
Favourable Balance)	148.6 "	308.9 "

The largest single increase in export-commodities was that of tin-in-concentrates, which is accounted for by the year's record tin-production. There were small increases in the value of exports of rubber and the class "food, beverages and tobacco" which helped to make the total net increase of \$27 million in the value of exports. The other principal export commodities contributed their usual share to export earnings and showed only minor and mostly insignificant fluctuations. The effects of the improved prices for both tin and rubber were also reflected on the import side in the increased values of these commodities imported in the entrepot trade. The total value of imports was, however, less than in 1953 mainly because the Government purchased far less rice from abroad. Lower prices and a smaller volume of imports reduced the total amount spent on imported consumer-goods and capital equipment.

Changes in the direction of exports and the source of imports during 1954 are worthy of note. Only 36 per cent. of the Federation's export-trade went to Singapore compared with 42 per cent. in 1953. The Federation earned approximately 18 per cent. more from exports direct to the United Kingdom and Commonwealth countries than in 1953 and approximately 9 per cent. more from the rest of the world. Lower earnings from exports to the U.S.A. were more than offset by greater earnings from exports to France, Germany and Italy and nearly a 50 per cent. increase in earnings from exports to "other non-Commonwealth countries." Out of the total cost of imports the Federation spent proportionately a fraction more on imports from the United Kingdom and the Commonwealth and less from the United States and the rest of the world than in 1953.

Singapore took only 37 per cent. of the Federation's total trade, as against 40 per cent. in 1953, and the United Kingdom and Commonwealth countries increased their share by 1 per cent. to 25 per cent. Approximately 7.5 per cent. of the Federation's trade was with the United States compared with approximately 8 per cent. in 1953. The trade of the Federation is essentially with the Sterling Area.

Pan-Malayan trade with the Dollar Area since 1948 is shown in the following tables. The figures relate only to visible trade, but give a reasonably accurate estimate of the balance of payments as a whole, since the value of the invisible trade is only a very small proportion of total trade:

Pan-Malayan Exports

	To U.S.A.	Canada	American account countries	Total
1948	M\$ 458.3 m.	M\$ 44.3 m.	M\$ 16.5 m.	M\$ 519.1 m.
1949	430.3 "	36.0 "	19.5 "	485.8 "
1950	1,048.2 "	98.3 "	48.5 "	1,195.0 "
1951	1,193.7 "	153.9 "	59.4 "	1,407.0 "
1952	656.8 "	65.6 "	42.1 "	764.5 "
1953	479.6 "	61.8 "	48.1 "	589.5 "
1954	460.6 "	65.3 "	59.6 "	585.4 "

Pan-Malayan Imports

	From U.S.A.	Canada	American account countries	Total
1948	M\$ 209.2 m.	M\$ 22.8 m.	M\$ 11.0 m.	M\$ 243.0 m.
1949	112.7 "	18.2 "	4.9 "	135.8 "
1950	89.0 "	16.4 "	3.7 "	109.1 "
1951	218.0 "	33.8 "	6.0 "	257.8 "
1952	182.8 "	35.7 "	5.9 "	224.4 "
1953	140.5 "	12.7 "	4.3 "	157.5 "
1954	148.8 "	13.0 "	12.5 "	174.3 "

Entrepot Trade of Penang

The total trade of Penang with the neighbouring territories of Sumatra, Burma and Thailand was \$176 million, the same as in 1953, compared with \$191 million in 1952.

Total foreign trade was \$1,009 million so that Penang's trade with the neighbouring territories represented 17 per cent. of its total in 1954. In the previous year, the percentage was 16 per cent. and in 1952 13 per cent. Yearly comparison of trade with these neighbouring territories is as follows:

	Value in millions of dollars			
	Imports	Exports	Total	Unfavourable Balance
1948	59	11	70	48
1949	102	40	142	62
1950	181	35	216	146
1951	283	49	332	243
1952	153	38	191	123
1953	153	23	176	130
1954	150	26	176	124

A substantial increase in trade with Sumatra offset a fall in the import trade with Burma.

Trade with Sumatra: Improved trading conditions with Sumatra, particularly during the last quarter of the year, resulted in total trade exceeding that of the previous two years, although still less than half the peak figure of 1951. The main items in the trade are petroleum products, rubber, copra, coffee, arecanuts and textiles; petroleum products alone, from the Palembang area of Sumatra, accounted for one-third of the import trade, while rubber, copra, coffee and arecanuts mainly from the Atjeh area, accounted for most of the remainder. About the middle of the year, the Indonesian Government reintroduced the barter system for all produce from the Atjeh area, except rubber and coffee which were to be exported under letter of credit procedure. Under the barter system, a variation of which prevailed from 1948 to 1951, 70 per cent. of the value of products imported into Penang was to be remitted to the Indonesian exporter in cash and the remaining 30 per cent. in goods within 90 days or in cash after that period. On the whole, the system appeared to be satisfactory to traders and led to improvement in trade.

Of the main item of entrepot trade rubber imports increased to 18,000 tons from 9,800 tons in 1953 and 8,900 tons in 1952; nearly 60 per cent. of the rubber imported was of the top grades, the remainder being mainly for milling. Imports of copra showed a large increase from 9,000 tons in 1953 to 23,000 tons, while coffee similarly increased from less than 200 tons to 1,700 tons. Imports of arecanuts rose almost to the 1952 figure of 15,200 tons, exceeding the quantity imported in 1953 by 3,400 tons.

The Indonesian Government continued their policy of restricting imports as much as possible. The increase in exports of \$4.2 million as against \$1.0 million in the previous year, however, was partly due to exports from Penang against outstanding balances under the previous barter trade and included the export of 1,800 tons of refined motor spirit, valued at \$300,000, this quantity being returned to Sumatra for re-refining. 23 per cent. of total exports to Sumatra consisted of textiles and cotton clothing.

Trade with Burma: Imports from Burma dropped sharply from \$44.5 million in 1953 to \$17.8 million in 1954. Up to 1953, rice formed the bulk of imports from that country, 46,000 tons being imported in 1952 and 48,000 tons in 1953. Non-renewal of government-to-government contracts led to complete cessation of rice imports into Penang. Imports of rubber increased from 4,800 tons valued at \$6 million in the previous year to 7,700 tons valued at \$9.4 million in 1954. There was a slight fall in the import of tin ore and concentrates from 1,400 tons valued at \$6.3 million in 1953 to 1,200 tons valued at \$5 million.

Main exports to Burma are coconut oil, arecanuts and fresh coconuts, these three items accounting for 80 per cent. of total exports. Coconut oil continued to be the chief item of export, increasing from 3,300 tons in 1953 to 4,600 tons in 1954, though still some 2,000 tons below the 1952 figure. Exports of arecanuts, an important commodity in the entrepot trade of Penang, also increased from 4,000 tons in 1952 and 3,600 tons in 1953 to 5,500 tons in 1954, valued at \$2.6 million. Exports of fresh coconuts continued to increase both in value and volume, from 7.6 million nuts in 1952 valued at \$1.5 million and 8.4 million valued at \$1.7 million

in 1953 to the high figure of nearly ten million nuts at \$1.8 million in 1954.

Trade with Thailand: Tin ore and concentrates, rice and petroleum products are the main commodities in the trade with Thailand, their value accounting for 95 per cent. of the total trade in 1954. The decline in total trade from \$71 million in 1953 to \$67 million, which equals the 1952 figure, was due to a sharp fall in rice imports, the value of which fell by 57 per cent.

Imports of tin ore and concentrates increased from 5,000 tons to 8,000 tons, the increase in their value, however, from \$23 million to \$36 million, was not sufficient to compensate for the sharp fall in the value of rice imports. Tonnage of rice imported declined from 54,000 to 12,000, the value decreasing by \$16 million. There was an increase of 2,000 tons in charcoal imports to 28,000 tons, accompanied by a slight increase in value to \$1.7 million.

Exports of petroleum products accounted for \$6.2 million in 1954 compared to \$5.8 million in 1953. Other exports to Thailand consisted of a large variety of manufactured goods, \$2 million worth of which in 1954 represented a variety of items of which the monthly export value of each was less than \$10,000. Both the volume and value of almost all these export commodities fell during the year. The decline was partly due to an extension of import licensing in Thailand. An import ban on a large number of commodities, introduced in November 1954, is expected still further to reduce exports from Penang.

FOOD AND PRICE CONTROL

Rice: During 1954 the Federation Government contracted with the Thai Government for the import of 115,000 metric tons of rice (113,189 long tons). The import of this tonnage was fulfilled by the end of the year. There were no Government imports of rice from either Burma or Indochina. In addition to the tonnage mentioned above, Government purchased through local commercial channels 1,600 tons of parboiled rice from Siam and 1,800 tons of the same grade from local millers for distribution for consumption by the labour forces of estates. The Government also bought 1,980 tons of "A" Grade Broken Rice from the Singapore Government. Government purchases from the local padi crop amounted to the equivalent of approximately 1,400 tons of rice. In addition 2,065 tons of rice were bought from local mills.

Sugar: Until the 3rd August 1954, sugar was procured by Government through the Ministry of Food and sold to the public at the controlled price of 40 cents per katty. Thereafter until the end of October, it was imported under quota; on the 1st November 1954, the import and distribution of sugar were returned to the commercial trade.

Rationing

Rice: The ration scale generally in force in areas where rationing was imposed for Emergency reasons was:

- 5 katties per head per week for adult males.
- 4 katties per head per week for adult females.
- 3½ katties per head per week for children up to the age of 12.

Of this ration up to 3½ katties per head, could be taken in Government rice and the balance in "free market" rice until 29th March, 1954. Thereafter where rationing was in force, the whole ration could be purchased in Government rice.

During the year the prices of Government rationed rice were reduced three times, mainly affecting Medium Grade Rice. From the middle of August there were three grades of imported rice with the following price limitations sold against Government ration documents:

- (a) High Grade Rice 38 cents per katty
- (b) Medium Grade Rice No maximum price
- (c) Low Grade:
 - (i) Siam Broken Rice A.F. 1954 .. 22 cents per katty
 - (ii) Local Rice No maximum price

Heavy labour rations remained the same as in the previous year, that is to say, an additional 2 katties per week per head for certain classes of labourers doing arduous work. In certain areas the extra ration is not permitted owing to the risk of leakage to the terrorists.

Price Control

Bread was decontrolled from April 1954, all types of sugar from August 1954, cups of coffee and tea (with or without milk) with effect from November, and rice (except ex-godown prices) as from 31st December 1954. Thus by the end of the year, and for the first time since the war, all controls on prices to the consumer had been lifted.

Local Production of Rice

The 1953/54 local crop was 408,000 tons which is a slight decrease as compared with the previous season's production of 441,000 tons. The price guaranteed by Government to padi producers remained unchanged at \$17.00 per picul at mill-door. Government purchased good quality local rice during the year from two local millers at \$29.15 and \$29.04 per picul. Government purchased local rice from the Government Rice Mill in Perak at \$31 per picul during the early part of the year and at \$28 per picul during the latter part.

INDUSTRY

Rubber

Rubber producers in the Federation have continued to operate against the background of Emergency conditions. The general improvement in this respect has enabled a greater freedom of movement for tapping and maintenance of areas which had previously been difficult to cover. The cost of protective and precautionary measures remains high.

The steady decline in the price of natural rubber over the last few years continued into the first quarter of 1954, when the average price of No. 1 R.S.S. fell to 55 cents a lb. Thereafter the price rose and by the end of the year was above 85 cents a lb. The main cause of this recovery in price was probably the improved statistical position with the supply of and demand for rubber in near equilibrium. An excess of supply had been one of the major depressing factors in the previous two years. A further reason for the increase of price towards the end of the year may have been uncertainty whether the disposal of the U.S. synthetic plants due to take place in the first half of 1955 would result in temporary supply difficulties or an increased price for synthetic rubber.

Production which had declined each year from 1950 increased by 10,000 tons in 1954, very largely from small-holdings in response to the higher price.

The production of concentrated latex continued to increase as shown by the following figures:

Year	Production of Concentrated Latex (tons)	Percentage of Total Estate Production (percentage)
1952	47,625	14.1
1953	72,347	21.1
1954	95,510	27.9

There is a small but rapidly increasing amount of rubber being technically classified. The figures were 5,520 tons in 1951 and approximately 38,000 tons in 1954.

Estate replanting which fell to 30,000 acres in 1953 increased to about 40,000 acres in 1954. In the eight years 1947-54 inclusive estates have replanted some 350,000 acres or 17 per cent. of the total estate acreage. Progress in this field has been very uneven and while one section of the estate industry has replanted extensively another section has done little or no replanting. The position is illustrated by the following table which shows the distribution of immature rubber on estates at the end of 1953:

Estates: Planted Acreage, By Size Groups and Nationality of Ownership showing
Acreages of High-Yielding Material
HIGH-YIELDING MATERIAL
Estates with no
High-Yielding
Material

	No.	Total Planted Acreage (A)	Number of Estates	Acreage	Number Less than 10 Acres		Number of 10-49 Acres		Number of 50-99 Acres		Number of 100-499 Acres		Number of 500-999 Acres		Number of Estates	Over 1,000 Acres	Number of Yields	Total (B)	% of Columns (B-A)	
					Estates	Acres	Estates	Acres	Estates	Acres	Estates	Acres	Estates	Acres						
EUROPEAN																				
100-499 Acres	85	24,974	19	4,407	2	9	19	499	16	1,079	29	6,467	—	—	—	—	66	8,054	32.2	
500-999 "	143	108,022	8	5,433	1	5	11	300	11	808	86	25,254	26	17,899	—	—	135	44,287	41.0	
1,000-1,999 "	233	386,593	9	12,910	1	6	2	65	11	839	100	30,565	99	69,098	31	42,947	244	143,519	39.1	
2,000-4,999 "	184	569,146	1	3,309	1	2	—	—	3	255	22	7,135	53	38,691	104	188,624	183	234,707	41.2	
5,000 Acres and over "	48	343,703	—	—	—	—	—	—	—	—	2	669	4	2,867	42	149,236	48	152,762	44.4	
Total	713	1,412,438	37	26,069	5	22	32	864	41	2,981	239	70,080	182	128,545	177	380,807	676	583,299	41.3	
CHINESE																				
100-499 Acres	1,033	206,541	678	124,323	17	105	113	2,998	94	6,671	131	24,442	—	—	—	—	355	34,726	16.6	
500-999 "	134	94,110	46	31,330	1	7	9	260	13	900	47	10,139	18	11,780	—	—	88	23,086	24.5	
1,000-1,999 "	55	77,579	11	13,755	—	—	3	122	1	85	18	5,254	14	9,520	8	9,732	44	24,713	31.9	
2,000-4,999 "	19	53,366	3	6,116	—	—	—	—	1	81	4	1,286	3	2,147	8	14,167	16	17,671	33.1	
5,000 Acres and over "	4	30,510	—	—	—	—	—	—	—	—	1	306	—	—	3	13,124	4	13,430	44.0	
Total	1,245	462,106	738	175,523	18	112	126	3,350	109	7,737	201	41,427	35	23,447	19	37,013	507	113,116	24.5	
INDIAN AND OTHERS																				
100-499 Acres	480	90,971	334	57,465	8	34	63	1,854	38	2,614	37	6,140	—	—	—	—	146	10,672	11.7	
500-999 "	35	25,234	7	4,777	1	5	4	93	6	429	16	3,879	1	678	—	—	28	4,884	19.4	
1,000-1,999 "	11	16,244	3	4,374	—	—	—	—	—	—	6	1,613	1	664	1	1,175	8	3,462	21.3	
2,000-4,999 "	1	8,183	—	—	—	—	—	—	—	—	—	—	—	—	2	2,867	3	3,186	38.1	
5,000 Acres and over "	2	14,360	—	—	—	—	—	—	—	—	—	—	—	—	2	9,146	2	9,146	63.7	
Total	531	155,162	344	66,516	9	39	67	1,977	44	3,043	60	11,761	2	1,342	5	13,188	187	31,340	20.2	
ALL NATIONALITIES																				
100-499 Acres	1,598	322,486	1,031	186,195	27	148	195	5,351	148	10,364	197	37,049	—	—	—	—	567	52,942	16.4	
500-999 "	312	227,366	61	41,640	3	18	24	663	30	2,137	149	39,072	45	30,357	—	—	251	72,237	31.8	
1,000-1,999 "	519	860,816	23	33,039	1	8	5	187	12	924	124	37,432	114	79,282	40	53,854	296	171,684	37.3	
2,000-4,999 "	254	1,200,439	4	5,424	1	2	—	—	4	336	27	8,465	56	49,563	114	206,541	265	355,563	40.5	
5,000 Acres and over "	54	385,573	—	—	—	—	—	—	—	—	3	965	4	2,867	47	171,506	54	176,328	45.1	
Grand Total	2,489	2,029,706	1,119	268,198	32	173	224	6,221	194	12,761	500	123,258	219	153,334	201	431,068	1,370	727,755	35.9	

Percentage of Immature Rubber (Percentage)	Estate Acreage (Acres)	Percentage of total Estate Acreage (Percentage)
Under 5	497	24
5-10	81	4
11-15	573	28
16-20	15	1
Over 20	863	43
	2,029	100

About 30,000 acres of smallholders' rubber was replanted under the smallholders' replanting scheme in 1954 making 50,000 acres replanted in the two years of the scheme. This was less than was hoped for but about two and a half times the total area replanted by smallholders in the seven years 1946-52 inclusive.

Tin

Imports of tin concentrates into Malaya (including Singapore) during 1954 increased to 13,312 tons, compared with 8,647 tons in 1953. Of the 1954 total, 11,781 tons were from Thailand, 1,374 tons from Burma and the balance from other countries in the region.

Exports of tin metal from Malaya (including Singapore) totalled 70,278 tons, compared with 61,753 tons in 1953 and the record figure of 81,801 tons in 1950. The most important buyer was the U.S.A. with 40,429 tons, compared with 30,313 tons in 1953. The United Kingdom, Japan and Europe continue to take the bulk of the balance of Malayan production.

Revenue from the ad valorem export duty increased to \$53.6 million, compared with \$51.3 million in 1953 and \$68.5 million in 1952, the tin industry being the second most important source of Federal Customs revenue in 1954.

The patient negotiations of the past four years to form an International Tin Agreement led to a sufficient number of producing and consuming countries signing the Agreement by June, 1954. Ratification of the Agreement is now awaited. With the cessation of United States purchases of tin for their strategic stockpile early in 1955, it is anticipated that world tin production will greatly exceed consumption, with the consequent fall in the price, resulting in serious damage to the economies of the producing countries. The Agreement has been put forward by the consuming and producing countries alike as an earnest attempt to curb the adverse effects of wide fluctuations in the price of the metal on the econo-

mies of the producing and consuming countries alike. For Malaya it offers the prospect of comparative stability in her second most important industry. The United Kingdom was asked to sign the Agreement on behalf of Malaya in January, 1954, and at the meeting of the Federal Legislative Council on 18th August, it was decided that the United Kingdom should be asked to ratify it on behalf of Malaya. The Agreement seeks to keep the price of the metal between £880 and £640 per ton by the operation of a Buffer Stock of 25,000 tons and by restriction on the production of tin should it be necessary in order to keep the price between the limits given above. Malaya's contribution to the Buffer Stock will be 5,491 tons of tin or its equivalent in cash, valued at £640 per ton, i.e. \$50.25 million. This sum will be required in three instalments, the first of \$30.15 million followed later by two instalments each of \$10.05 million. Domestic arrangements for the implementation of the Agreement were well in hand at the end of the year.

Other Industries

With the exception of rubber and tin, the industries of the Federation are of a "secondary" character. Some are complementary to the primary industries such as the processing of rubber, tin, pineapples and copra, and the light engineering enterprises which cater for the repair and maintenance of tin mining and rubber processing machinery. Other engineering enterprises include the repair of motor vehicles and earth-moving equipment, the manufacture of bus and commercial vehicle bodies, boat-building and light foundry work. There are a number of small firms catering for goods for consumption within the Federation, few of which have any significant export trade. In this category are firms engaged in the manufacture of:

(1) Foodstuffs: Biscuits, Chinese pickles and sauces, confectionery, mineral waters, ice-cream. (2) Building Materials: Bricks, tiles, sanitary ware and wire fencing. (3) Miscellaneous: Potteries, distilleries, rubber tyres, rubber footwear, matches, cigars and cigarettes.

There is one cement factory in the Federation, which commenced operation in mid-1953. Its production in 1954, the first full year of operation, was 85,061 tons. Its maximum production with one kiln is expected to reach 110,000 tons annually, which will be sufficient to meet the requirements of the whole of Central Malaya. There are small soap factories in all the States and Settlements, but over

REPORTS FROM CHINA

SOCIALIST TRANSFORMATION

According to reports from Peking, major cities in China entered socialism before January 20, 1956. Peng Chen, Mayor of Peking, declared on January 15 at a rally of over 200,000 people in Tienanmen Square that Peking had entered socialist society. Chairman Mao Tse-tung was also present; the crowd cheered, "Long live Chairman Mao" and "Long live the Communist Party." Praising the Party for its leadership and the people for their efforts in the socialist transformation of agriculture, private industry and commerce and handicrafts, Mayor Peng said, "We must not be complacent over our achievements. Compared with the great historic tasks ahead of us, our successes so far are no more than the first step in a ten thousand li long march." Finally he drove home the main issue, "We should work with yet greater vigour and redouble our efforts to hasten the country's socialist industrialisation and complete the first 5-year plan ahead of schedule."

In the Peking area, collective farms were built up from agricultural producers' cooperatives in a single week after the New Year. Most members had only joined the cooperatives last December. All the handicraftsmen joined handicraft cooperatives on January 12. Most applications were submitted during the last two days. Major cities throughout the country followed the example of Peking. Within three days, peasants in the suburban districts of Shanghai turned their farmlands into collective ownership. By January 20, all private industry and commerce in Shanghai became joint state-private enterprises.

On January 18, all private industry and commerce in Tientsin (more than 26,000 private shops and factories) became joint state-private enterprises. More than 90% of Tientsin's peasant households joined collective farms, over 90% of fishermen and more than 83,000 handicraftsmen joined cooperatives. All private cinemas, theatres, tea houses and other recreation centres in Tientsin became state cultural enterprises. In Chungking, all private enterprises came under joint ownership on January 16. The next day, Nanking declared that all private industry and commerce had been converted into joint ownership, that 95% of the 32,000 handicraftsmen had joined cooperatives, and that 90% of all peasant households had joined collective farms. It was reported on January 17 that 70% of private industrial enterprises in Wuhan were under joint ownership. The next

three-quarters of the total Federation production comes from a large firm's new factory at Kuala Lumpur.

Some annual production figures for secondary industries in the Federation are given hereunder:

Industry	Unit	1952	1953	1954
Cement	Tons	Nil	31,317	85,061
Soap	Tons	3,840	10,735	13,205
Rubber footwear	Million pairs	8.32	9.10	10.47
Bricks	Millions	23.9	28.5	31.3
Biscuits	Tons	3,559	2,845	3,187
Soft Drinks	Million gallons	10.2	9.5	7.2

In the workshops of the Malayan Railway, locomotives, rolling stock and ancillary equipment are maintained and railway carriages and trucks are built to a high standard of craftsmanship.

In addition to the above, there are scattered about the country small-scale Malay cottage-industries, whose production is not recorded. The largest and best-known items produced are woven sarongs, Kelantan silverware and baskets.

day, Peking declared that all private enterprises in Wuhan had been re-organized into joint enterprises.

FOREIGN TRADE PROMOTION

Chinese industrial products exhibited at the recent Indian Industries Fair in New Delhi drew more than 2,500 trade enquiries. Indian trading circles showed great interest in Chinese machines and machine tools especially those manufactured in the last two years, such as lathes, building cranes, agricultural machinery and implements, rotary printing presses, etc. The Pearl Mechanical Engineering and Foundry Works of Ludhiana in Punjab has set up an import and export firm named Northern Engineering Company for Trade in Chinese-made machinery. Pereira & Co. of Madras has entered into an agreement with the China National Native Produce Export Corporation to act as its agent in India for Chinese native products. Meanwhile, trade between China and India improved steadily in the past 15 months since the signing of the trade agreement between the two countries on October 14th, 1954. China's imports from India increased 6.5 times compared with 1954; China's exports to India increased 3.5 times. During the first 10 months after the signing of the trade agreement, major exports from China to India were raw silk, cassia lignea, cocoons, silk yarn etc., but now they consist chiefly of industrial products like iron and steel, heavy chemicals, newsprint etc.

A protocol providing material aid to North Korea by China and a Sino-Korean protocol for the exchange of goods for 1956, were signed in Peking last month. According to the protocols, China will provide Korea with cotton, cotton yarn, cotton cloth, coal, steel products, machinery, telecommunications equipment, chemical industry raw materials and articles for cultural purposes. Korea will provide China with mineral products, marine products, fruits and medicines.

HYDROELECTRIC STATIONS

Construction has begun on the Lungchiñ Hydroelectric Station at the foot of Mount Omei in Szechwan. Together with the Min Kiang Power Plant it will form a unified power network to supply electricity to neighbouring coal mines, cement, phosphorous fertiliser and fire-resistant materials factories and the salt industry. In Anhwei, construction of a 134-kilometre high-tension power transmission line has begun. When completed, it will carry electricity from the newly built hydroelectric station at the Futseling Reservoir to feed the industrial construction in Hofei, the capital of the province. Builders of the line are striving to complete the project in April this year, instead of June as originally scheduled.

CONSTRUCTION OF COAL-FIELDS

Construction of coal-mines in Shansi this year will be concentrated on 30 mines. Ten of these are scheduled to be completed this year. The capacity of state-owned coal-mines in this province will then be raised by 50 per cent. The first automatic coal washing plant south of the Yangtze River is now being built in Hunan. It is a major project for the coal industry under the first five-year plan. The plant is located at Chuchow, a railway junction on the Canton-Hankow and the Chekiang-Kiangsi railways. When completed, it will process coal from the nearby Pingsiang and

Tzehing coal mines for the future Wuhan Iron and Steel Complex.

TRADE UNIONS & EMULATION CAMPAIGNS

Workers throughout China have been called on to spread socialist labour emulation by the All-China Federation of Trade Union. The federation pointed out that in order to fulfil the five-year plan, advanced experiences should be widely applied. Soviet technique studied and rationalisation proposals promoted. A national conference of outstanding workers will be convened around May Day this year for this purpose. The federation also urged all workers in private and joint state-private enterprises to increase production. Before a private enterprise is brought under joint ownership, the workers should ensure fulfilment of government contracts. The trade unions should mobilize the workers to take an active part in inventories during the changeover and see to it that production is not affected. After completion of the process, the trade unions should lead the workers to promote production and improve management.

Proposals for nation-wide inter-plant emulation campaigns to complete the first five-year plan ahead of schedule were announced last month by a number of factories in Peking and Shanghai. The Shihchingshan Iron and Steel Plant near Peking pledged to fulfil its target under the current five-year plan in 1956, one year ahead of schedule. Among the aims of the Shanghai Power Equipment Plant is the finishing of trial production of 23 new products this year, including a 12,000-kilowatt steam turbine generator, which will be the first ever made in China. The Harbin Measuring Instruments and Cutting Tools Plant plans to treble its output this year over last and to reach by August the target set for the first five-year plan.

AGRICULTURAL OUTPUT & DEVELOPMENTS

Last year's output of raw silk in Kiangsu was increased by 71 per cent and that of silk fabrics more than trebled compared with 1950. During 1955 this major silk area accounted for one half of China's total raw silk exports. This year the province plans to turn out 1,800 tons of raw silk or eight per cent above last year, and 5,310,000 metres of silk fabrics or 11 per cent more. Army units in Sinkiang will double their cotton acreage this year and plant 21,000 hectares of cotton. Last year, they reached an average of three tons of cotton per hectare on 5,300 hectares. Kwangtung plans to produce 18.5 per cent more grain this year over last and reach the target originally set for 1957 under the first five-year plan. Last year, two counties in East Kwangtung set a national record by reaping an average of 7.5 tons of rice per hectare on a total of 35,000 hectares. Plans to reach or surpass the 1957 agricultural target this year have been mapped out by Liaoning, Shantung and Sinkiang. Liaoning plans to expand the acreage under the high-yield crops of rice and maize by 220,000 hectares, to fertilise all farmland in the province and to reclaim more wasteland. Spring sowing has started on Hainan Island. The sown acreage this year is estimated at 150,000 hectares, 13,000 hectares more than last year.

There are now 42 state farms in Inner Mongolia. Their farming acreage will be expanded to 22,000 hectares this year and grain output is set at two and a half times that of last year. Inner Mongolian state farms produced 7,900 tons of grain last year. A mechanised cotton farm and three mechanised grain farms will be set up this year in Kansu. The cotton farm will be in Tunhwang, where there are half a million hectares of wasteland suitable for cotton growing. Fukien is opening up 106,000 hectares of wasteland. Most of the reclaimed land will be planted to grain industrial crops and fruit trees.

There are now 139 tractor stations in China, mostly in major cotton and grain-producing areas north of the Yangtze River. These tractor stations have an aggregate number of 2,300 tractors (counted in units of 15 horse power each). A six-month training course for 100 machine and tractor station workers began last month in Shantung. The training took place in the Sino-Hungarian Friendship Machine and Tractor Station in Tzeyang County, Shantung. Instructors include Hungarian agricultural machinery specialists and the trainees are workers from the station and tractor-team leaders and drivers from 14 other machine and tractor stations in Shantung. The course covers the operation, management, maintenance and repair of agricultural machinery.

AFFORESTATION PLAN

A 12-year afforestation plan under which the Ministry of Forestry will plant 105 million hectares of forest on waste hills, waste land and desert regions throughout the country was adopted at a national conference in Peking last month. By the end of the 12 years, the total forest area in China will be 18 per cent of the area of China, or more than twice the present forest area. The newly-afforested area will provide a forest reserve of 15,700 million cubic metres of timber.

WATER CONSERVANCY PROSPECTS

The survey along the upper reaches of the Yangtze River was completed last month. This survey is part of the work to map out an overall plan for control of this river. A dozen sites suitable for building multi-purpose hydro-engineering projects for flood-control, power generation and irrigation were selected both along the main course and the tributaries. Work on a water-supply channel leading from the Yungting River to Peking was started last month. When completed, the channel will bring in a daily volume of more than 1,500,000 tons of water to Peking. Dams will also be built along the channel to provide water for power generation. Total earth work on the whole project will amount to 3 million cubic metres. The project is expected to be completed in one year instead of three. Plans for harnessing the Manass River in Sinkiang and applying its resources to irrigation and power generation have now been finalised. Work on some of the project in the plan has already started. The Manass River, with a total catchment area of 10,000 square kilometres, flows through a fertile agricultural region farmed by the local peasants and Army units. Under the overall plan, 12 reservoirs will be built, with a total capacity of 1,000 million cubic metres of water. Nineteen irrigation canals totalling 600 kilometres in length will be excavated to water grain and cotton fields. The 558-metre long multiple-arch concrete dam of the Meishan Reservoir on a tributary of the Huai River has now been built to its designed height of 84.4 metres. Work on the spillway and other parts of the reservoir is also making rapid progress. The Meishan Reservoir, biggest of the seven reservoirs so far built in the gigantic Huai River harnessing project, will have a storage capacity of 2,200 million cubic metres of water.

COMMUNICATIONS

A network of highways linking up the entire country will be completed during the next seven years. This is part of a plan drawn up by the Ministry of Communications. The plan covers the extension of inland navigation routes and measures for the socialist transformation of private transport enterprises. Meanwhile, this year's work has begun on the 341-kilometre Ipin-Sichang Highway in Szechwan. The route links up the national minority districts of south-western Szechwan with other parts of the country. By the end of last year, 66 kilometres of the eastern section and 44 kilometres of the western section of the road had been finished.

DEVELOPMENT OF BANKING IN HONGKONG DURING 1955

Leading banks in Hongkong reported steady business throughout 1955 and several new banks opened during the year. They are the Hongkong Branch of Indian Overseas Bank Limited, the Hongkong Chinese Bank Limited, the Overseas Trust Bank Limited and the Liu Chong Hing Bank Limited. To meet the increasing demand for banking facilities in Kowloon, the Shanghai Commercial Bank Limited opened a branch office opposite the Mongkok Branch of Hongkong & Shanghai Bank. On the whole, most banks here enjoyed better business in 1955 than during the preceding year. This was due to the increased volume of Hongkong's foreign trade totalling \$6,253 million as compared with \$5,852 for 1954. Real estate transactions were very active and the growth of local industries involved heavy investments which were usually channelled through leading local banks.

The Hongkong and Shanghai Banking Corporation adopted two measures which greatly stabilized the local money market during the second half of last year. In August when speculative activities in the stock exchange, caused by the heavy influx of capital from SE Asia, sent prices to such a height that the return from dividends on many popular shares became insufficient to pay the cost of the overdrafts, the Hongkong Bank together with the Chartered and the Mercantile, checked the undue extension of credit and its application in non-productive directions by increasing the interest on overdrafts from 5-6% to 8% per annum. At the same time interest for current accounts and deposits was only increased by about 1% p.a. Most banks here followed this measure and increased their interest rates accordingly. As a result, speculative activities on the share market were checked and the weekly turnover fell from \$14 million to \$10.7 million. In November, the Hongkong Bank wrote to some forty customers amongst whom were several share brokers, giving notice that after January 1956, overdraft limits would be reduced to 30% of the market value of shares. This second credit squeeze further curtailed speculative activities and returned share prices to more realistic levels. The Bank felt that the share boom could end up in a crash if borrowers failed to meet their obligations. The Bank also hoped to channel investment into more economically useful enterprises, particularly industrial development. Share prices dropped on account of the credit squeeze, and yields improved.

Banknotes in circulation remained about \$726.5 million throughout the year in spite of the continuous heavy influx of idle capital from various sources. Increased volume of deposits in leading banks was noted. The increased volume of deposits enabled banks to invest more money in productive activities. Banks have more deposit money than they can utilize.

However, many small banks could barely make both ends meet. During the year, six native banks closed down and one bank had to increase its capital and reorganise

The remaining 231 kilometres scheduled for 1957 will be finished this year.

AVIATION

Two new-type training gliders, made by a factory of the gliding school of the Central National Defence Sports Club, recently underwent a series of test flights at different altitudes. The results were very satisfactory.

itself into a limited company. On the other hand the number of bad cheques was much smaller than the previous year and the monthly clearing house figures were around \$1,100 million—about the same level as 1954. By the end of last year, there were 91 registered banks in Hongkong; 30 of these are authorized to deal in foreign currencies. About 40% of local banks are so called "native banks" which have no connections outside Hongkong.

In the past, most native banks survived on profits from speculative business and from high interest which they charged on overdrafts. Some private interest for short term loans was as high as 3% per month. Importers who were unable to retire shipping documents from their banks due to shortage of cash, and speculators who needed a few lakhs but were unable to get a loan from big banks, approached small native banks for short term loans at high interest. To finance such loans these banks attract idle capital with high interest for fixed deposits.

With the decline in speculative activities in gold and US Dollars last year, the "black market" interest rate dropped to about 2% per month. During the year prices for gold fluctuated between \$250 and \$263.375 and those for US Dollars between \$577 and \$596.375 leaving too narrow a profit margin to attract speculation. Local trading firms last year took care not to over-book their supplies from abroad and most importers had no difficulty in retiring the bills from their banks especially after the close-down of those firms which were financially unsound. This development limited the activities of native banks and gradually they found it difficult to pay high interest to their depositors. The bankruptcy of several such banks discouraged people to put their money in small native banks. The diversion of money to larger banks was further impelled by the increase in interest rates for current and fixed deposits initiated by the Big Three and followed by other leading banks. This chain reaction affected more and more native banks during the second half year and by the end of 1955 many native banks were on the verge of bankruptcy.

Evidently, there are too many banks now here; the present volume of entrepot trade does not justify their existence. On the other hand much has yet to be done in financing local industrial development and agricultural expansion. Banks here are still slow in reconditioning their facilities to finance activities other than foreign trade and real estate business. A few leading banks recently started to grant loans to several well-established local factories but the step taken is far from bold. In agricultural development, the financing of farm projects depended upon private funds donated by the Kadoorie family. An agricultural bank, in close cooperation with Government, can do much to promote the local agricultural output and the welfare of farmers in the New Territories.

For the year 1956, leading banks here will be able to maintain their business at last year's level. Building construction will remain active; trade with China could not deteriorate any further; exports to Korea, Indochina and other countries in SE Asia particularly of HK manufactured goods would probably exceed last year's volume; and imports from Europe, Japan, US, and UK might show slight increases in view of the present short stock situation of various popular commodities in the local market.

The 91 registered banks are listed below; those which are authorized to deal in foreign exchange are preceded by an asterisk (*).

- * American Express Co. Inc.
- Banco Nacional Ultramarino
- Bangkok Bank Ltd.
- * Bank of Canton Ltd.
- * Bank of China (Hongkong Branch)
- * Bank of Communications (Hongkong Branch)
- * Bank of East Asia Ltd.
- * Bank of Korea
- Bank of Kwangsi Ltd.
- * Bank of Tokyo Ltd.
- * Banque Belge Pour L'Etranger (Extreme-Orient)
- * Banque de L'Indo-Chine
- Canton Trust and Commercial Bank Ltd.
- Central Trust of China (Hongkong Branch)
- Chan Man Fat Bank Ltd.
- * Chartered Bank of India, Australia, and China
- Chekiang First Bank of Commerce (Hongkong) Ltd.
- Cheong Kee Bank
- Chi Yu Banking Corp. Ltd.
- * China and South Sea Bank Ltd. (Hongkong Branch)
- * China State Bank Ltd. (Hongkong Branch)
- Chinese Postal Remittances and Savings Bank
- Chiu Tai Bank Ltd.
- Choi Kee Bank
- Dah Sing Bank Ltd.
- Dao Heng Bank
- E. D. Sassoon Banking Co. Ltd.
- E. D. Sassoon Banking Co. Ltd. (Incorporated in the Bahama Islands)
- * Farmers Bank of China
- Fat Cheong Bank Ltd.
- Fengtien Co. Ltd.
- * First National City Bank of New York
- Foo Kee Bank
- Fook Wa Banking and Insurance Co. Ltd.
- Hang Lung Bank Ltd.
- Heng Senk Bank Ltd.
- Hang Shun Gold Dealer
- Hang Tai Bank
- Ho Cheng Bank Ltd.
- Hongkong Chinese Bank Ltd.
- * Hongkong & Shanghai Banking Corporation
- * Hongkong and Swatow Commercial Bank Ltd.
- Hongkong Trust Corporation Ltd.
- Hong Nin Savings Bank Ltd.
- * Indian Overseas Bank Ltd.
- Ka Wah Bank Ltd.
- Kan Koam Tsing & Co.
- Kar Cheung Chong Bank
- * Kinchong Banking Corporation
- Kung Yue Bank
- Kwangtung Provincial Bank (Hongkong Branch)
- Kwong On Bank
- Lee Shing Bank
- Liu Chong Hing Bank Ltd.
- Lui Hing Hop Cheung Kee Bank Ltd.
- Man Cheong Bank
- * Mercantile Bank of India Ltd.
- Ming Tai Bank
- Ming Tak Bank
- Nanyang Commercial Bank Ltd.
- * National Commercial Bank (Hongkong Branch)
- National and Commercial Savings Bank Limited
- National Industrial Bank of China
- * Nationale Handelsbank N.V.
- * Nederlandsche Handel-Maatschappij N.V. (Netherlands Trading Society Limited)
- Ngnu Kee Bank
- On Tai Bank
- * Oversea-Chinese Banking Corporation Ltd.
- Oversea Trust Bank Ltd.
- Po Sang Bank
- * Shanghai Commercial Bank Ltd.
- * Sin Hua Trust, Savings, and Commercial Bank Ltd. (Hongkong Branch)
- * Sze Hai Tong Banking and Insurance Co., Ltd.
- Tai Sang Bank Ltd.
- Tai Yau Bank Ltd.
- * Thos. Cook & Son (Continental and Overseas) Ltd.
- Underwriters Bank Inc.
- * United Chinese Bank Ltd.
- * United Commercial Bank Ltd.
- Wing Hang Cheong Kee Bank
- Wing Lung Bank
- Wing Ming Bank
- Wing On Bank Ltd.
- Wing On Co., Ltd.
- Wing On Fire and Marine Insurance Co. Ltd.
- Wo Cheung Bank
- Yau Tak Bank
- Yau Yue Commercial Bank Ltd.
- Yien Yieh Commercial Bank Ltd. (Hongkong Branch)
- * Young Brothers Banking Corporation (Hongkong Branch)
- Yue Man Banking Co. Ltd.

— Ricardo

FINANCE & COMMERCE

TEA PRODUCTION AND TRADE

Production: World production (exclusive of China and the U.S.S.R.) during the first eight months of 1955 was slightly higher than during the corresponding period last year; but it is likely that production during the entire year will not vary greatly from the 1954 production of 650,000 metric tons. In British East Africa, the trend of higher production continued; in India and Ceylon, where adverse weather and restriction on plucking for quality and other reasons slightly reduced production during the first six months, there was a rise in August. However, there are indications that production will not expand above the volume of last year after the heavy pluckings following the "monsoon flushes."

Stocks and Prices: The world tea economy has been dominated by the extremely heavy buying of the United Kingdom during the last months of 1954. A decline in stocks and fears of a world shortage stimulated keen competition for supplies among British importers during the last six months of the year (the United Kingdom absorbs almost 50 percent of world imports). By April 1955 stocks in the United Kingdom reached a postwar peak of about 75,000 metric tons. Supplies in the United Kingdom were more than adequate in relation to prospective demand. Buyers withdrew and prices began to fall rapidly. The fall in Ceylon prices was aggravated probably by a decline in the average quality of teas as compared with the previous year. Between January and June, average prices in London fell by about 47 percent and in Calcutta by about 42 percent. However, the average for the first nine months was substantially higher than in 1953 and very much higher than in 1952. Indeed, even during the month of lowest prices (June 1955) and the month of first recovery (July), the average was considerably higher than in 1953.

The temporary suspension of auctions in Calcutta and the spacing out of London auctions helped to work off stocks in consuming countries; but several months were required to relieve this stock congestion, and in the meantime stocks accumulated in producing countries. To adjust to the price developments, India adopted a sliding scale of export duties and Ceylon eased restrictions on shipments to the London market. With the normalization of the stock position during the summer there was a resumption of buying, and prices strengthened. Average auction prices in August 1955 had recovered to about the June-July 1954 level, but the price differential between high and low quality teas had considerably widened as compared to 1954, indicative of a return to selective demand. But the market reacted quickly to the recent increase in output, a significant proportion of which consisted of seasonally lower quality teas, and prices weakened again during September.

Yearly Average Prices, 1952-55, and June-July 1952-55

Period	Calcutta*	Colombo†	London‡
 Pence per lb.		
1952	25.2	31.1	36.4
1953	35.8	34.4	43.8
1954	55.9	46.1	63.3
1955 (9 months)	45.5	40.7	61.5
Average June-July 1952	26.4	30.2	34.8
Average June-July 1953	33.9	32.7	43.5
Average June-July 1954	48.8	40.7	56.5
Average June-July 1955	44.4	34.5	46.1

*Tea for export, excluding export duty.—†All tea, excluding export duty.—‡All tea.

Trade and Consumption: Notwithstanding the substantial rise in imports into the United Kingdom during the first part of the year (from purchases made during the

months of rising prices at the end of 1954), world trade has been lower than during the corresponding period last year. Smaller imports by the United States alone more than counterbalanced the rise in United Kingdom imports. With the exception of Pakistan and British East Africa, exports were generally lower (especially from Indonesia and Ceylon). Teas of inferior quality met with considerable marketing difficulties. Although imports in most countries have been lower than during the previous year, perhaps because of price developments, the long-term outlook remains comparatively favorable. In many regions of the world consumption shows a rising trend. Before the war, tea and sugar were beyond the reach of the overwhelming majority of people in low income countries. However, general economic development in recent years and a rise in income have stimulated consumption of this low-cost beverage, whose cost per cup is only a small part of the cost of potentially competing beverages. This trend may continue. In India domestic consumption is now 100-120 percent higher than in prewar years and absorbs 30 percent of production; in Pakistan almost 50 percent of production is consumed domestically. The following figures show the rise in imports in two low income regions:

Region	1934-38	1950-54
	.. Thousand metric tons ..	
Near East*	10.7	22.6
North Africa‡	22.0	43.0

* Arabian States, Iran, Iraq, Jordan, Syria, Lebanon.—‡ Egypt, Sudan, Libya, Tunisia, Algeria, French Morocco.

International Tea Agreement: The International Tea Agreement (India, Ceylon, Pakistan, and Indonesia), which was originally negotiated in 1933 and was renewed the last time in 1950, terminated on 1 April 1955. Negotiations for its renewal have encountered difficulties. According to press reports, one or two of the producing countries opposed continuation of some of the restrictions and the East African tea producers did not accept an invitation to join the Tea Committee. Apparently, some of the producer interests have sufficient confidence in the demand outlook to dispense with prewar production restrictions. Some governments feel that a new agreement should conform to the criteria of international commodity arrangements which have received international acceptance since the Second World War. It is probable that an agreement with adequate consumer representation would provide a more suitable basis for long-term operations.

TEA PRODUCTION

Country	Production			
	1948-50	1952	1953	1954*
1,000 metric tons.....			
SOUTH AMERICA				
Argentina	0.8	1.2	2.4	—
Brazil	0.7	0.7	0.7	0.7
Peru	0.2	0.6	0.7	—
Total	2	3	4	—
ASIA				
Associated States of Cambodia, Laos, Viet-Nam				
Viet-Nam	\$0.6	4.6	5.6	6.0
Ceylon	140.2	143.7	155.6	166.3
China				
22 provinces*	10.0	8.0	8.0	—
Taiwan	9.4	11.6	11.9	—
India	267.6	306.3	278.6	292.2
Indonesia	25.2	37.3	37.0	46.9
Iran†	14.8	4.0	—	—
Japan	33.4	57.2	57.0	68.0
Malaya, Federation of	1.3	1.7	1.9	2.1
Pakistan	21.5	23.4	24.6	24.8
Total	505	590	575	620

Country	Production			
	1946-50	1952	1953	1954*
.....1,000 metric tons.....				
AFRICA				
Belgian Congo	0.1	0.3	0.4	0.7
Kenya	5.6	6.7	5.8	7.9
Mauritius	0.3	0.4	0.4	0.5
Mozambique	2.4	3.5	3.0	6.0
Nyasaland	6.4	7.1	6.1	—
Southern Rhodesia	0.3	0.5	0.5	0.4
Tanganyika	0.7	1.1	1.3	1.6
Uganda	1.7	1.7	2.1	2.9
Total	18	21	20	25
WORLD TOTAL (excl. U.S.S.R.)	525	615	600	650

NOTE: Data refer to calendar years, unless otherwise stated.
*1954, preliminary figures.
‡Exports.
§Exports incomplete; not included in continental and world totals.
†Years beginning 21 March.
‡1948 and 1949.

TEA TRADE

Country	1951	1952	1953	1954
	Quarterly averages			
 Thousand metric tons			
EXPORTING COUNTRIES				
ASIA				
Ceylon	34.6	35.7	38.0	41.0
India	*51.1	46.6	56.3	51.0
Indonesia	10.0	8.0	7.2	10.0
Japan	2.2	2.4	3.3	4.3
Pakistan*	5.4	2.7	3.0	2.6
Taiwan	2.8	2.3	2.6	3.8
Total	106.1	97.7	110.4	112.6
AFRICA				
Kenya	1.0	1.1	0.7	1.2
Nyasaland§	1.8	1.6	1.5	1.9
Tanganyika	0.2	0.2	0.3	0.4
Uganda	0.2	0.2	0.3	0.5
Total	3.2	3.1	2.8	4.0
WORLD TOTAL	120	110	125	125

FOREIGN INVESTMENTS
IN JAPANESE STOCKS

The number of foreigners—mostly Americans—investing in Japanese stocks has been increasing recently and as of September, their holdings total 29,930,000 shares worth ¥2,842 million. These figures include paid-in new shares issued as a result of capital increases. During May, this year, foreigners bought ¥28 million worth of shares; in August, ¥81 million; and in September ¥64 million.

The following reasons are given for the increase in investments by foreigners: 1. Annual remittance of 20 per cent of the principal is permitted after the first three years, and since the first of these periods expired last year, remittances abroad have begun. 2. Japanese stocks are cheap in comparison with American stocks. 3. The recovery of the Japanese economy has been recognized.

Foreigners have spread their purchases over 424 different types of stocks. Among them they own more than 400,000 shares of each of the following issues:

	(thousand)
Toyo Rayon	1,114
Yawata Steel	1,109
Fuji Iron & Steel	672
Takeda Pharmaceutical Industries	648
Nippon Oil	542
Nissan Chemical Industries	519
Mitsui Steamship	487
Katakura Industry	462
Tokyo Shibaura Electric	443
Hitachi	412

Foreigners purchasing Japanese stocks are subject to the Foreign Investment Law; but since this law will expire on September 30, next year, the authorities concerned are presently studying its revision.

WORLD AND FAR EASTERN
POPULATION

Estimated Population of the World
by Continents

The table below presents estimates of the 1954 midyear population by continental divisions. The world total must be regarded as only an approximate estimate, the data for Africa and Asia being subject to considerable error. The estimates, in thousands, are as follows:

Country	1951	1952	1953	1954
	Quarterly averages			
Thousand metric tons.....			
IMPORTING COUNTRIES				
EUROPE				
Ireland, Rep. of	4.2	2.0	1.8	2.2
Netherlands	1.9	2.0	2.0	2.2
United Kingdom	52.6	56.3	55.9	61.5
Total	58.7	60.3	59.7	66.5
N. and CENT. AMERICA				
Canada	4.8	5.2	5.2	5.1
United States	9.8	10.6	12.2	13.0
Total	14.6	15.8	17.4	18.1
ASIA				
Arabian States	1.2	1.8	1.6	1.3
Hongkong	1.9	1.8	1.5	1.6
Iran	2.7	1.2	0.7	0.7
Iraq	2.4	2.1	3.0	3.1
Malaya-Singapore	0.9	0.8	1.0	2.7
Total	9.1	7.7	7.8	9.4
AFRICA				
Algeria	0.8	0.8	0.9	1.0
Anglo-Egyptian Sudan	1.3	2.0	1.2	2.1
Egypt	4.0	4.0	5.0	4.1
French Morocco	2.7	3.1	3.5	3.3
Union of South Africa† ..	2.5	2.8	2.9	3.1
Total	11.3	12.7	13.5	13.6
OCEANIA				
Australia	6.7	6.0	6.9	6.9
New Zealand	2.8	1.1	1.7	1.7
Total	9.5	7.1	8.6	8.6
WORLD TOTAL	115	115	115	125

NOTE: Figures include green and black tea, but exclude mate, tea substitutes, and tea waste. Continental totals refer only to the countries listed but include estimates for these countries when data are missing; world totals represent estimates of total trade in tea. The countries shown accounted for about 92% of world exports and 91% of world imports in 1953.

*Sea-born trade only.

§Starting with 1954, Federation of Rhodesia and Nyasaland. Before then, Northern and Southern Rhodesia were net importers of tea.

†Starting with 1955, the customs territory include South West Africa.

World total	2,526,000
Africa	214,000
North America	233,000
South America	121,100
Asia (excl. USSR)	1,323,000
Europe (excl. USSR) ..	406,500
Oceania	14,200
USSR	214,500

Estimated Population of Far Eastern
Countries

	Midyear 1954 Estimate (000) Population
India	377,000
Indonesia	81,000
Japan	88,000
South Korea	21,687
Laos	1,360
Mongolian People's Republic	920
Nepal	8,432
Pakistan	76,000
Philippines	21,440
Thailand	19,925
Vietnam	26,000

NON-SELF-GOVERNING
TERRITORIES & DEPENDENCIES

	Midyear 1954 Estimate (000) Population
Netherlands	
New Guinea	700
Portugal	
Macau	150
Portuguese India	643
Portuguese Timor	466
United Kingdom	
Brunei	55
Hongkong	2,277
Malaya, Federation of ..	5,889
North Borneo	365
Sarawak	602
Singapore	1,168

MILITARY GOVERNMENT
UNITED STATES

	Midyear 1954 Estimate (000) Population
Bonin Islands	0
Ryukyu Islands	778

TRADE MARK FORGERIES
IN HONGKONG

In our issue of December 1, 1955, page 700, we referred to the piracy of a book produced in Tokyo, known widely as "Japan Trade Guide", and for which book this Review is the Hongkong sales agent. The Hongkong Police, Commercial Crime Branch, in their indefatigable endeavour to track down perpetrators of such nefarious activities as piracy of books, have successfully prosecuted in open Court the offending party, the A.B.C. Book Co., 84 Wai Ching Street, Kowloon, and the manager of the firm, Mr Hsia Tien Chang, has been fined \$5,000 and all the pirated books were ordered confiscated and subsequently destroyed. About 200 forged Trade Guides were found to be without cover, and 84 books with cover.

It is hoped that the public will co-operate with the Police whenever it is suspected that book piracies and trade mark forgeries have been perpetrated, and thus will assist in the defence of the good name of the local manufacturers. Sentences like the one meted out to the above-mentioned book company should have a sobering effect on certain people who seem to think nothing of committing commercial crimes to make money at the expense of well established manufacturers and publishing houses.

HONGKONG EXCHANGE
MARKETS

For the week of 23rd to 28th January
1956

	U.S.\$					
	T.T. High	T.T. Low	Notes High	Notes Low		
Jan. 23	\$589¼	588	588¾	585¾		
24	589½	589¼	589½	586¾		
25	590¼	589½	588½	587¼		
26	590	589½	588¾	587		
27	590	589½	587¾	587¼		
28	589¾	589¼	588	587½		

D.D. Rates: High 588¾ Low 587.

Trading totals: T.T. US\$2,840,000, Notes cash US\$470,000, forward US\$ 2,090,000, and D.D. US\$460,000. The market was active and steady; rates moved up slightly. Lower cross rates in New York and good demand locally were causes for steadiness. In T.T. sector, gold importers and European switch exchange operators bought; some purchases were made for buying of American securities by local investors. Offers came from Korea, Japan, Indochina, and the Philippines. The increase of business in T.T. goes to prove that our market will grow in scope internationally. In the Notes market, because of the small difference between T.T. rates shippers slowed down "exports" while some small speculative activity was seen which took advantage of lower cross rates in New York. Interest for change over favoured buyers and amounted to 50 cents per US\$1,000. Positions figured at US\$2½ million per average day. In the D.D. sector, business increased on incoming overseas Chinese remittances, and this is expected to continue till before Chinese New Year (Feb. 12).

Yen: Some small business was transacted in forward. Interest for change over favoured buyers and amounted to \$3.01 per Yen 100,000. Cash quotations were \$1,467.50—1,452.50.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.845—1.82, Japan 0.01475—0.01445, Malaya 1.88, Indochina 0.06756—0.06711, Thailand 0.2717—0.2695. Sales: Pesos 370,000, Yen 110 million, Malayan \$380,000, Piastre 9 million, Baht 5 million. The market was quiet.

Chinese Exchange: People's Bank Yuan notes continued to quote at \$1.60 per Yuan. Taiwan Bank Yuan notes quoted at \$154—148 per thousand, and remittances at 150—147. Market was quiet and small business done.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.85—15.72, Australia 12.25, New Zealand 13.70—13.62, Egypt 15.20—15.10, South Africa 15.55—15.47, India 1.1825—1.18, Pakistan 0.91—0.90, Ceylon 0.93, Burma 0.68—0.65, Malaya 1.839—1.838, Canada 5.86—5.85, Philippines 2.0475—2.01, Macao 0.985, Switzerland 1.35, France 0.0145—

0.01445, Indochina 0.071—0.0705, Indonesia 0.15½—0.14½, Thailand 0.26—0.259.

Gold Market

	High .945	Low .945	Macao .99
Jan. 23	\$254½	254¼	Low 264¼
24	254¾	254½	
25	255¾	254¾	264¾ High
26	255¼	254¾	
27	255	254¾	
28	255	254¾	

The opening and closing prices were \$254½ and 254½, and the highest and lowest were 255¾ and 254½. The market was very quiet but prices moved up a little on steady US\$ rates. Interest for change over favoured sellers and amounted to 50 cents per 10 taels of .945 fine. Tradings totalled 30,600 taels or averaged 5,100 taels per day, while positions taken by speculators figured at a daily average of 17,500 taels. Cash sales amounted to 17,420 taels, of which 3,520 taels listed and 13,900 taels arranged. Imports were all from Macao and totalled 13,000 taels. A shipment of 41,600 fine ounces arrived in Macao. Exports:—14,000 taels (6,000 to Singapore, 4,500 to Indonesia, 2,000 to Rangoon, 1,500 to Indochina). For export bars of .99 fineness the market here quoted the following premium for locally "chopped" and for Macao "chopped" bars of .945 fineness each: \$12—12.30, and \$11.70—11.90 per tael. Cross rates worked in the Exchange were US\$37.75—37.74. A total of 16,000 ozs. was contracted at 37.75 C.I.F. Macao.

Silver Market: The market was deadily quiet with stagnant prices. Bar silver quoted at \$6.05 per tael with 200 taels traded, \$ coins quoted at \$3.92 per coin with 500 coins traded, and 20 cent coins quoted at \$3.00 per 5 coins.

HONGKONG SHARE
MARKET

After four days of slow trading last week, the local stock market gathered momentum on Friday and many shares which had lost some ground earlier in the week closed firm. HK Banks, however, continued to drop and lost another \$20 during the week. HK and FE Investments appeared on the market and dealings began at a premium of 80 cents but by the end of the week, they lost 30 cents and closed at \$11.50. The Star Ferry Company announced a final dividend of \$5.50 and a cash bonus of \$2 per share; quotations firm up but there was no selling offer. Union Ins. reached \$1,005 on Tuesday but returned to \$990 by the end of the week. Wheelocks, Providents, Realities, Trams, Lights, and Cements registered large turnovers during the week; prices were all firm. The total volume of business amounted to \$3.85 million last week, representing an increase of about half a million dollars over that for the previous week. With the exception of the HK Banks, fluctuations during the week were very small:

Shares	Jan. 20	Jan. 27	Up or Down
HK Bank	1760	1740	—\$20
Union Ins	990 b	990	firm
HK Wharf	68 b	70.50	+\$2.50
Wheelock	8.40	8.50	+10¢
Provident	15.20	15.20	firm
HK Dock	33	33	steady
Hotel	17.40 s	17.20	—20¢
Land	62	63	+\$1
Realty	1.975 s	2.025	+5¢
Trams	24.30	24.50	+20¢
Yaumati	106	105	—\$1
Star Ferry	135	137 b	+\$2
Light (O)	22.30	22.50	+20¢
Light (N)	16.80 s	16.60	—20¢
Electric	43.25	43.50	+25¢
Telephone	33	33.25	+25¢
Cement	36.50	37	+50¢
Dairy Farm	18.90	18.80	—10¢
Yangtze	6.65 b	6.75 b	+10¢
Watson	13.20	13.10 s	—10¢
HK & FE Invest		11.50	

Monday: The Hongkong and Far Eastern Investment Company offered 16,550 shares on the market. These were well absorbed at a premium of 70/80 cents. Elsewhere prices were about unchanged. The turnover amounted to \$640,000. **Tuesday:** The market ruled steady with only a small volume of business transacted. Price changes were negligible and the turnover amounted to approximately \$610,000. **Wednesday:** The market was listless throughout the half day session and trading was on a light scale with the turnover only amounting to approximately \$475,000. Price changes were few and small. **Thursday:** Lack of incentive was responsible for the dull market. Prices generally remained much the same where business was reported. The turnover for the day amounted to approximately \$710,000. **Friday:** After a quiet opening, the tempo of the market increased and prices hardened towards noon. The Star Ferry Co. announced a final dividend of \$5.50 and cash bonus of \$2. HK Banks were still heavy yielding further ground but elsewhere prices generally moved above recent levels and the undertone at the close was steady to firm. The turnover for the day amounted to \$1,420,000.

The Secretaries for Yangtze Finance announced that at the close of business on January 26, 1956, the shares had a statistical value of \$8.46.

DIVIDENDS

Hongkong Realty & Trust Co., Ltd. declared an interim dividend of ten cents per share in respect of the year ending April 30, 1956. The company also decided to make a new issue of shares at par (\$1) in the proportion of one new share for each two shares held by members on the Register on Saturday, February 4, 1956. Such new shares will rank *pari passu* with existing shares for any final dividend declared in respect of the year ending April 30, 1956, which will be five cents per share.

The Star Ferry Company, Limited, announced a final dividend of \$5.50 per share in respect of the year ended December 31, 1955. With the interim dividend of \$3.50 paid on August 31,

HONGKONG AND FAR EASTERN TRADE REPORTS

Increased activities were noted in HK's trade with S.E. Asia last week. Exports to Korea were curtailed by short stocks as well as because of the low buying offers. Japan remained keen in China produce and metal scraps. Taiwan maintained usual purchases from here but exports to China showed no improvement.

TRADE DEVELOPMENTS

Trade Restrictions: SOUTH AFRICA classified imports into three categories: restricted imports (biscuits, shoes & boots, brushes, paper bags, tooth powder & tooth paste, ladies' handbags, matches, etc.); free imports (raw wool, tea, cotton yarn of single ply, woollen yarn, staple fibre yarn and rayon yarn, piecegoods, with 50% cotton content, carbon paper, pennibs, etc.); and imports not subject to control (unfinished wooden planks, flooring and panelling, iron bars, angle iron, iron channels and joists, steel window sash bars, tool steel, etc.). BURMA relaxed import control on 4 more items of textiles: (printed cloth, meshed nylon fabrics, textiles with metal threads, and coarse cotton blankets and bed sheets). CANADA added following imports to the list of articles requiring markings to indicate the country of origin: tableware and decorative household articles of semi-porcelain, white granite, ironstone, earthenware, stoneware and pottery. US was considering to permit the entry of Chinese writing brushes from HK under comprehensive-certificates of origin. UK announced that samples of HK products which have plastic (in an attenuated form) decorations should be submitted before shipment for tariff classification, either as artificial silk or as yarn thread/straw.

China Trade: China resumed trade negotiations with Italy in London. From Burma Peking bought 2,000 tons of rubber. Peking also purchased from Norway certain categories of paper against the export of Chinese soyabean. To the local market, China sent 11,477 bags rice, 4,117 bags beans, 5,761 bags groundnut kernels, 7,232 cases rosin, 2,037 casks porcelainware, 2,111 bags water melon seeds, 2,100 cases wire nails, 1,527 cases plate glass, 811 cases vacuum flasks, 1,000 cases paint, 406 cases sewing machines, and 481 bales cotton yarn during the week. China's purchases from here remained inactive.

Taiwan Trade: Taiwan exported 1,172,417 kilos of citronella oil during

1955, this makes the total dividend payment for the year \$9 per share. In addition to the final dividend, a cash bonus of \$2 per share will be paid out of the profits realised from the sale of investments.

The Rubber Trust, Ltd. announced a dividend of 20 cents per share in respect of the financial year ended September 30, 1955.

1955; HK was the leading buyer (502,631 kilos) and US came next (423,533 kilos). Taiwan's export of tea lagged far behind the schedule for last year. From here Taiwan made selective purchases of metals, pharmaceuticals and industrial chemicals. Among Taiwan's exports to HK were sugar and cotton textiles.

Japan Trade: Japanese firms trading with China were warned by their authorities that their China-trade licences would be subject to cancellation if they could not export an adequate amount of Japanese goods to balance the trade. Tokyo decided to maintain the 12% cut in the production of cotton yarn cloth during February and March. Meanwhile Japan will set up an agency here for the sale of medical supplies to China. In the local market Japan remained keen on China produce and metal scraps.

Korea Trade: Korea earmarked US\$10 million from US-Aid funds to import commodities for civilian use including machinery & equipment, dyestuffs, industrial chemicals, iron & steel, motor parts, rayon, etc. US\$3.5 million will be allocated every month for the import of consumer goods. Last week, Seoul introduced new regulations governing the import of pharmaceuticals to guard against the entry of improper goods. Korea's purchases from here improved but low buying offers from Seoul and short stocks here curbed the volume of business.

Indonesia Trade: Djakarta fixed the export duty on rubber at 3.27 rupiahs per 5 kilos for the 1st quarter 1956. The barter agreement between Indonesia and Burma expired on January 16th. There was no news whether the agreement would be renewed or not. Exports from here to Indonesia improved considerably; all Djakarta bound vessels were fully loaded with items such as cotton yarns and textiles, metals, sundry goods, sundry provisions, etc.

Thailand Trade: Rice and other farm produce continued to reach here from Thailand; exports to Thailand slowed down on account of Bangkok's direct trade negotiations with Tokyo.

Indochina Trade: Cambodia's imports scheduled for the 1st quarter of 1956 include cotton yarn & textiles, chemicals, metallurgical goods, cellulose paper, office furniture & appliances, tyres & other rubber manufactures, plastics, hides & leather, scientific instruments, etc. Shipments from HK to Vietnam remained brisk and covered mostly cotton yarns and textiles, fertilizer, wheat flour, industrial chemicals, pharmaceuticals, Chinese medicine, canned goods, and sundries.

Philippine Trade: The Philippine authorities recently rejected a part of the Philippine-Hongkong barter applications following the discovery of goods of Chinese origin among barter imports from HK.

Burma Trade: Rangoon plans to import one million kyats worth of wheat flour during the next four months. In the local market, Burma purchased only selective items of HK products. Rangoon sold to Peking 2,000 tons of rubber at 36 pence per pound which is about 6 pence higher than the normal rate. Burma's annual production capacity of rubber is about 15,000 tons.

Other Countries: **INDIA:** Importers in India were classified into 4 categories and imports permitted included iron wire mesh, iron & steel pipes, ball & roller bearings, motor vehicles and spare parts, electric fan, fertilizer, rosin, canned goods, etc. **PAKISTAN** exported 877,816 bales of cotton in 1955; HK bought 80,838 bales.

COMMODITIES

China Produce: The China produce market was active with steady demand from Japan, Europe and S.E. Asia; many popular items scored gains on short stock. Teaseed oil advanced sharply on uncertain supply situation and higher price in the international market; woodoil remained firm with strong demand from Japan and S.E. Asia; palmoil was enquired for by Korea but spots were unobtainable; aniseed oil enjoyed active export demand; cassia oil drew better buying interest from Europe after the Chinese export floor price had marked down; citronella oil and peppermint oil both eased slightly with the decline in demand from overseas. Sesame registered substantial purchases by Japan; prices improved on short supply. Raw silk was bought by Middle East and S.E. Asia at steady prices; supplies tightened because Europe had booked direct shipments from China. Rosin registered a shipment of 2,000 cases to Japan and taro chips attracted renewed interest from the same source. Groundnut kernel improved on active local and overseas demand; maize advanced slightly on increased cost. Green pea was purchased by Japan and Ceylon, red bean by Singapore, and the other beans by local retailers; all prices were steady. Other popular items included beeswax, honey, galangal, camphor tablet, talcum powder, cassia lignea, aniseed star, coir fibre, jute, menthol crystal, wheat bran and rice bran. Dried chili drew renewed demand from Penang but price receded under selling pressure; tea still remained below cost although demand from Europe and Singapore improved.

Metals: Structural steels and factory items remained brisk with strong local and overseas demand. Mild steel plate was firm with active demand from the Philippines; mild steel round bar improved on higher indent cost (HK products were most favoured); mild steel joist firmed up on low stock and orders from Thailand; mild steel channel and angle bar both geared up under stronger demand; mild steel shaft was bought by Taiwan but prices failed to improve. Black plate attracted many

enquiries for bulk supplies; prices turned bullish. Black plate waste waste recovered from its early dullness with renewed demand. Galvanized iron sheet recorded substantial sales to Thailand and Cambodia; prices advanced on higher indent. Galvanized iron wire shorts dwindled in stock; prices improved. Steel wire rope of HK origin marked up on enquiries from Pakistan and Singapore; zinc sheet firmed on strong demand; copper sheet advanced on short supply and higher cost for scraps; while brass sheet enjoyed keen demand from local factories. Brass scraps witnessed new arrivals but selling resistance held prices firm; brass rod enjoyed active local demand at further advanced prices. Iron scraps remained very popular with Japan. Ungalvanized iron pipe remained sluggish.

Paper: The market was sluggish throughout the week; many transactions were curbed either by low stock or by price differences. Korea enquired for woodfree printing, transparent cellulose paper, MG white sulphite, MG ribbed kraft, and newsprint in reels, but low buying offers restricted the volume of business. Art printing, bond, poster, manifold, MG cap, flint, prime white glassine, and newsprint in reams were steady on local demand. Enquiries from overseas for MG red sulphite were active, but short stock curtailed the business.

Industrial Chemicals: Market turned active on improved demand from Korea and Taiwan. Prices in general remained firm. Formalin retained the peak price with strong demand from Taiwan; linseed oil continued to advance on orders from Korea and advanced price in the international market; montan wax also improved on Korean purchases and dwindled stock. Sodium sulphide was stimulated by overseas enquiries and difficult supply situation, Taiwan also bought shellac, gum arabic, stearic acid and ammonium bicarbonate. Orders from Korea covered also sodium bicarbonate, calcium hypochlorite, citric acid, zinc chloride and bronze powder. Other popular items were calcium carbonate, borax granular, sodium hyposulphite, paraffin wax, and sulphuric acid. Tanning extract was barely steady under selling pressure; caustic soda remained unchanged despite sluggish demand; acetic acid and sulphur powder registered only limited local and export demand. On the other hand, titanium dioxide registered further gains on account of the acute shortage.

Pharmaceuticals: Selective purchases made by Korea, Taiwan and S.E. Asia failed to improve prices. PAS powder, aspirin powder, and saccharine crystals were favoured by S.E. Asia. Taiwan bought barium sulphate; Korea was keen in ferri ammonium citrate and vitamin preparations; India enquired for sulfanilamide powder and sulfadiazine powder; while local dealers bought sulfathiazole powder, ascorbic acid powder, dihydro-streptomycin, sac-

charum lactose, penicillin preparations and quinine powders.

Cotton Yarn & Textile: The cotton yarn market was fairly active during the week; UK and S.E. Asia provided steady demand. HK yarns continued firm; Pakistan yarns ruled brisk; Indian yarns were sluggish at first but improved later on short stock; Japanese yarns remained steady and active; and Japanese staple fibre yarns recovered on improved demand from Thailand. The cotton textile market registered substantial turnovers in Japanese grey sheeting and Japanese white shirting at firm prices.

Wheat Flour: The local wheat flour market was stimulated by the dock strike in Australia; substantial turnovers were recorded not only for the Australian flour but also for other products. This upsurge is attributable to the local speculative activities as well as the keen demand from Malaya.

Sugar: More arrivals from Taiwan created a bearish tendency in the local market. However, Taikoo fine and Philippine sugar remained steady on dwindled stocks.

Cement: Local and overseas demand kept the market active during the week; prices, however, failed to improve. Dealers here booked more Japanese and Chinese products. Green Island cement remained firm.

Marine Products: Keen demand, especially from local retailers, stimulated the market as the Chinese New Year drew near. Awabi and dried oyster scored gains; cuttle fish was also favoured by Thailand; dried shrimp was firm; dried squid, compoy and shark's fin cake remained steady.

Sundries: The sundry provisions market enjoyed active local demand. Water melon seeds advanced on short supply; mushroom was steady; bean stick receded slightly after recent advances; pop rice, glutinous rice powder, olive seeds and preserved dates all registered improvements. Bamboo shoot, walnut meat, and dried lily flower remained active and steady. Lungngan pulp gained on higher cost, while black fungus, walnut, red date, lily bulb, and ginkgo dipped slightly. The sundry articles enjoyed active trading and many short stocked items (writing ink, naphthlene balls, press studs, razor blades, etc.) registered improvements.

Miscellaneous: Groundnut oil recorded substantial turnovers at higher prices. Leathers turned weak on account of increased supplies from China. Canned biscuits and canned ham were depressed by heavy stocks; merchants lowered prices to attract more business.

Hongkong Products: HK manufactured rubber footwear, gloves, plastic ware, and cotton products received increasing buying support from UK. Towels, bed sheets, socks, and underwears enjoyed improved demand from Burma.

HONGKONG COMPANY INCORPORATIONS

The following new private companies were incorporated in Hongkong during the period from December 12 to 31, 1955:

The Wing Hang Garment Factory Limited: Nominal Capital, \$50,000; Registered Office, 169, Camp Street, Kowloon; Subscribers—Kam Kwong Yan, 41, Fort Street, Hongkong, Merchant; Kam Kwong How, 41, Fort Street, Hongkong, Merchant.

Mercantile Agencies Limited: Importers & exporters; Nominal Capital, \$200,000; Registered Office, 401, Great China House, Hongkong; Subscribers—Lee Wen Yuen, 2, Wang Fung Terrace, Tai Hang Road, Hongkong, Merchant; Tien Yuan Hao, 133, Boundary Street, Kowloon, Merchant.

Lilly White & Company Limited: Manufacturers of and dealers in boots, shoes, etc.; Nominal Capital, \$100,000; Registered Office, 121, Chatham Road, Kowloon; Subscribers—Seh Ming Foo, 121, Chatham Road, Kowloon, Merchant; Yung Wai, 121, Chatham Road, Kowloon, Married Woman.

Interocean Commerce Limited: Exporters and importers; Nominal Capital, \$1 million; Subscribers—William Christopher Robert Carr, 23, Shouson Hill Road, Hongkong, Solicitor; Harold Caine, 36, Dina House, Hongkong, Solicitor.

Pacific Films Company Limited: Nominal Capital, \$500,000; Registered Office, 310, Hongkong Hotel Building, Hongkong; Subscribers—Shih I. Hsiung, 5, Holly Road, Hongkong, Author; Chow Cheong Seng, 5, Holly Road, Hongkong, Merchant.

Reliance Engineers (Hongkong) Limited: Nominal Capital, \$50,000; Registered Office, 165, Lockhart Road, Hongkong; Subscribers—William Archibald Nunn, 40, Kimberley Street, Kowloon, Engineer; George Tung Fong Lee, 165, Lockhart Road, Hongkong, Merchant.

Trans-Atlantic Syndicate, Limited: Importers and exporters; Nominal Capital, \$1 million; Subscribers—Hsu Ta Tung, 9, Magazine Gap Road, Hongkong, Banker; Tan Chin Poo, 18, King Kwong Street, Hongkong, Merchant.

Dunham and Smith (Japan) Limited: Importers and exporters; Nominal Capital, \$100,000; Subscribers—W. A. P. Thom, 108, The Peak, Hongkong, Chartered Accountant; G. M. Macwhinnie, 7, Conduit Road, Hongkong, Chartered Accountant.

South Overseas Export Corporation Limited: Exporters and importers; Nominal Capital, \$300,000; Registered Office, French Bank Building, Hongkong; Subscribers—Henri Py, Gloucester Hotel, Hongkong, Company Director; Georges Jean Huguenot, Gloucester Hotel, Hongkong, Banker.

Scientific Service Company, Limited: Importers and exporters; Nominal Capital, \$1 million; Registered Office, 447-450 Alexandra House, Hongkong; Subscribers—Henry Tseng, 128, Austin Road, Kowloon, Merchant; Annie Ma Tseng, 128, Austin Road, Kowloon, Married Woman.

Hongkong Aluminium Limited: Agents; Nominal Capital, \$300,000; Subscribers—Henrique Nolasco Jr., "The Retreat", Shatin, New Territories, Company Director; Clement Hoh, 1F, Kimberley Street, Kowloon, Merchant.

Young and Company (Hongkong) Limited: Importers and exporters; Nominal Capital, \$100,000; Subscribers—Lee Shiu Pek, 14, Flower Market Road, Kowloon, Merchant; Michael Wang, 150, Nga Tsin Wai Road, Kowloon, Merchant.

Chee Hing & Company Limited: To deal in tin, tin ingots; Nominal Capital, \$1,500,000; Registered Office, No. 9 Ice House Street, Hongkong; Subscribers—Mak Pak Chiu, 384A, Queen's Road West, Hongkong, Merchant; Mak Hung Sau, 384, Queen's Road West, Hongkong, Merchant.

SINGAPORE SHARE MARKET

Commodity prices moved erratically and nothing of note occurred to enliven markets. Offerings in Industrials were generally absorbed. Tins were inclined to ease and Rubbers, generally, were subject to profit-taking. Consequently, there was some reduction in the overall volume of business.

In the Industrial section, Gammons came back from \$2.62½ to \$2.57½ and United Engineers had exchanges down to \$9 at which level investors showed progressive interest. Wearnes had business from \$2.95 to \$2.90, Straits Times at \$2.90 and \$2.87½ and Singapore Cold Storage between \$1.62½ and \$1.60. William Jacks attracted sellers at \$3.00. Malayan Collieries were on offer at \$1.60. Straits Traders were quiet at \$27.00 and Fraser & Neave had small exchanges between \$1.81 and \$1.82. Federal Dispensary had a few transactions at \$3.55 cum the issue of one for one at \$1.50. The issue will contribute towards the funds necessary to cover the cost of the purchase of the adjacent Kelly & Walsh Building in Singapore for \$1½ million and the recently completed \$800,000 building in Kuala Lumpur. Sime Darby were steady at \$2.00 and \$2.02, whilst Hammers moved from \$2.80 to \$2.90 with buyers over and Robinsons touched \$2.55.

Petalings were neglected with only spasmodic exchanges at \$4.27½ cum the 15% final and Sungei Way, on account of the much reduced output for the last quarter, eased to \$3.20. Kuchai had buyers at \$2.00, Talams at \$2.30 and Rantau improved to \$1.61½. Austral Amalgamated moved from 18/- to 18/6, Berjuntai remained steady at 23/7½ and Laruts at 9/6. Kuala Kampars eased from 31/9 to 31/6 and Lower

Peraks from 16/10½ to 16/7½. Rawang Tinfields cum the interim of 1/3 came back from last week's peak of 11/9 to 11/6. Tanjong Tin were taken at 22/-, Ipoh Tin at 22/6 and London supplied Tronoh at 10/-. A good turnover in Rubber shares was maintained. In particular, Ayer Panas & Sungei Tukang had big exchanges, the former from \$1.30 to \$1.60 and back to \$1.55 and the latter from \$1.32½ to \$1.55. In both cases buyers were activated by rumours of bids for the estates. Benta were taken at \$1.25 & \$1.27½, Kempas at \$2.05 & \$2.02½ and Borelli at \$3.25 with buyers over. United Sua Betong were taken from London at 58/6, Scottish Malayan Estates from 3/- to 3/¼, Beradin Rubber at 2/9½ and Consolidated Salek at 2/-. Bukit Sembawang met with profit-taking and came back from 4/4 to 4/2.